

Back To Basics

Recommendations for a sustainable future



Prepared by:

The Neighborhood Council Budget Advocates

March 8, 2017



City of Los Angeles Budget Advocates

White Paper Back to Basics

Date: March 8, 2017

Findings

While the City's revenues have increased by \$1 billion (22%) over the last four years, the City has made little progress in addressing the financial issues that have historically impacted its budget for the last four years.

The City continues to have a Structural Deficit. This occurs when expenditures (primarily salaries, benefits, and pension contributions) increase faster than revenues.

In September, the Mayor indicated the City is projecting a budget short fall of \$85 million for the next fiscal year (2017-18) and is looking to identify \$40 million in new General Funds to maintain its current commitment to homelessness.

In January, the City Administrative Officer indicated that there was a potential budget deficit of \$245 million this fiscal year (2016-17).

On February 28, the Mayor indicated that there was a budget gap of \$250 million for the upcoming fiscal year (2017-18).

The City's Reserve Fund is under pressure to maintain its mandated minimum levels because of the need to fund potential budget deficits. The mandated minimum level is equal to 5% of General Fund revenues, or \$279 million. As of November 21, the fund's balance was \$295 million, only \$16 million more than the mandated minimum level.

The Reserve Fund does not have the resources to cover any substantial deficits and stay above the 5% policy threshold.

The City is considering issuing \$70 million of Judgment Obligation Bonds to cover excessive legal judgments and settlements. Liabilities are expected to be at least \$140 million versus the \$68 million budgeted liability. The proceeds from the bond offering will be used to replenish the Reserve Fund. Financing current operating expenses with long term debt is considered to be poor financial policy.

Even with the proceeds from the Judgment Obligation Bond, the Reserve Fund is in jeopardy of dipping below the \$279 million minimum threshold, endangering the City's credit rating.

The CAO's Budget Outlook projected a budget gap of \$82 million for the fiscal year 2018-19 and \$100 million for the following year (2019-20). These deficits do not take into consideration the impact of any new labor agreements for sworn and civilian employees that will come into effect on July 1, 2018 and

July 1, 2019. This Budget Outlook does not reflect the impact of the revenue shortfalls and increased expenditures that caused the potential budget deficit of \$245 million for the current fiscal year (2016-17).

Increased pension contributions have crowded out basic services. They have tripled from 2005, rising from \$350 million to \$1.1 billion this year. Pension contributions now consume almost 20% of the General Fund, up from less than 10% in 2005.

Pension contributions are understated because the City relies on the overly optimistic investment rate assumption of 7.5%.

If the City relied on a more realistic assumption of 6.5%, the annual required contribution is estimated to increase by \$500 million to \$1.6 billion, representing almost 30% of the General Fund Budget.

The City's actuarial unfunded pension liability is \$8.3 billion (80% funded). Based on market values, the unfunded pension liability is \$9.6 billion (77% funded). Using a 6.5% investment rate assumption, the unfunded pension liability increases to \$15.2 billion (68% funded).

Moody's Investment Service calculates the unfunded pension liability to be \$22 billion (60% funded).

The Budget Outlook does not include adequate funding to repair and maintain the City's streets and the rest of its infrastructure.

The City has not even developed a comprehensive operating and financing plan to repair and maintain our streets even though the City's gridlock is the worst in the developed world according to a recent article in The New York Times. This may influence the International Olympic Committee's decision regarding the City's bid to host the 2024 Summer Olympic Games.

The rest of the City's infrastructure including, but not limited to, its sidewalks, parks, buildings and facilities, street lights, and urban forest, require a significant investment because of the City's repeated decisions to defer proper maintenance.

The deferred maintenance budget is estimated to exceed \$10 billion.

Crime is increasing, gangs and graffiti are rampant, overdevelopment and gentrification are changing the character of our neighborhoods, traffic is unbearable and getting worse, and the General Plan and the 35 Community Plans are out of date.

Business and good middle class jobs are leaving because of the business unfriendly environment and the high gross receipts tax. The City is also having difficulty in attracting new businesses, employers, and investment.

Back to Basics

The Budget Advocates urge the Mayor and the City Council to develop and implement a "Back to Basics" ordinance. The resulting increase in transparency and accountability will begin to restore Angelenos' trust and confidence in City Hall.

This Back to Basics Plan should include, but not be limited to, the following:

- Develop and implement a seven-year operating and financial plan for the City. This is standard operating procedure for an enterprise with revenues in excess of \$8 billion a year with 32,000 civilian and sworn employees.
- Address the Structural Deficit by refraining from entering into any labor agreement or approving any new programs or initiatives that will result in future budget deficits as projected in the CAO's Four-Year Budget Outlook.
- Require that ALL projects take into account the costs and savings over the entire life of the project, including ancillary costs and savings incurred by other City entities and stakeholders.
- Develop and implement a long-term plan to fix our streets along the lines of the Save Our Streets LA Measure that was proposed in April 2014.
- Implement a long range plan to grow the City's economy by developing new business friendly policies that encourage employers to move to LA or to remain and invest in LA.
- Benchmark the efficiency of the City's departments and services and consider outsourcing projects to independent contractors.
- Appoint an experienced Chief Operating Officer/City Manager to oversee and coordinate the management of the City's many departments and to improve their operating efficiency.

In addition, the Budget Advocates yet again urge the City Council and the Mayor to implement as soon as possible the following budget recommendations of the LA 2020 Commission that were endorsed by City Council President Herb Wesson at the press conference on April 9, 2014.

- Create an independent "Office of Transparency and Accountability" to analyze and report on the City's budget, evaluate new legislation, examine existing issues and service standards, and increase accountability.
- Adopt a "Truth in Budgeting" ordinance that requires the City to develop a three-year budget and a three-year baseline budget with the goal of understanding the longer-term consequences of its policies and legislation. (Council File 14-1184-S2)
- Establish a "Commission for Retirement Security" to review the City's retirement obligations in order to promote an accurate understanding of the facts and develop concrete recommendations on how to achieve equilibrium on retirement costs within five years. This Commission will also address the Buffett Rule and the investment rate assumptions of the pension plans.

The Budget Advocates specifically request that the Mayor and City Council assign a Council File for each of these recommendations and place these items on its agenda as soon as practical. If not, the Budget Advocates request a written report back by May 1, 2017 as to why these recommendations have not been adopted.

Future Concerns

In the light of recent events, it is imperative that before the City makes any decision that may jeopardize funding from the Federal Government, the Mayor and the City Council disclose to the public in a timely manner the impact of the loss of any funding (either directly or indirectly) from the Federal Government on the City and each of its departments and develop in an open and transparent manner plans for each of its departments to reflect any loss of funding and the impact on its operations, services, and staffing.

The development of and the adherence to a long term operating and financial plan, the implementation of a Back to Basics Plan, the adoption of the recommendations of the LA 2020 Commission, and an improved business and investment environment will result in increased revenues for the City that will allow it to eliminate the Structural Deficit, to address its infrastructure needs, and to begin the proper funding of its pensions.

These actions will also increase transparency of the City's complex operations and finances. This will begin the process of restoring Angelenos' trust and confidence in City Hall and its elected officials.

The Budget Advocates will also be submitting its Department Reports and a list of revenue producing ideas. These two items are designed to begin a more in depth discussion. These should be an integral part of the upcoming fiscal year's budget process.

The NCBAs look forward to your thoughtful and timely response.

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City of Los Angeles Budget Advocates

General Fund Revenue Producing Ideas

- Congestion Fee for selected areas of the City during rush hour
- A Non Resident Tax for unoccupied houses or apartments
- Reimbursement policy for EMT and Ambulance services
- Voluntary Paramedic Assessment Fee / Emergency Medical Assessment Fee (Insurance Policies)
- Lease City roof tops and vacant land to DWP and other providers of solar energy
- Discretionary Fund money to be returned to the General Fund
- Lease surplus land to qualified developers
- Billboard tax
- Sin taxes: Cigarettes, Recreational Marijuana, Medicinal Marijuana, Sugar, Coffee
- Linkage Fee / Development Impact Fee
- Develop alternative revenue sources for the Affordable Housing Trust Fund
- Franchise fee for ride-sharing services in line with current taxi fees
- Increase Planning Department fees to fund the update of the General Plan and Community Plans
- Incentives for the early payment of fines and taxes
- Increase illegal dumping fines to County levels
- Bi-annual department fee review
- Reimbursement of expenses related to the Northridge EQ
- Review overhead charges for non-General Fund Departments
- Allow residents to contribute to departments (Library, Rec and Parks) via property tax bill
- Naming rights for selected City assets

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City of Los Angeles Budget Advocates

2017 Department Reports

Aging, Department of
Animal Services, Department of
Attorney, Office of the City
Building & Safety
City Administrative Officer, Office of the
Contract Administration Bureau (Public Works)
Controller, Office of the City
Cultural Affairs Department
Department on Disability
Economic & Workforce Development
Emergency Management Department
Emergency Medical Services (Fire Department)
Ethics Commission, City
Fire Department
Housing & Community Investment Department
Information Technology Agency
Inspector General
Library, Los Angeles Public
Neighborhood Empowerment, Department of
Pensions Department, Fire & Police
Personnel Department
Planning, City
Police / Police Protective League
Recreation & Parks
Sanitation Bureau (Public Works)
Transportation Department

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Department of Aging

Date: October 19, 2016

Budget Advocate: Jacqueline Le Kennedy

Department Personnel: Laura Trejo, General Manager

Recommendations

- Anticipate and plan for budget dollars to implement the strategic plan(s) that stem from the Mayor's 'Aging Purposefully' Directive #17, once all necessary feasibility studies have been conducted and the strategic plan(s) have been vetted, approved, and adopted by the Mayor and City Council.
- If there is not enough money to conduct the feasibility studies (prior to developing the strategic plans), allocate immediate emergency funds for such efforts or delay the development of the strategic plans until all necessary due diligence and feasibility studies have been completed.
- Approve hiring the following support staff to assist with the Aging Purposefully Directive #17: 1 Analyst and 1 Senior Management Analyst II.
- Upgrade technology to allow for improved communication and planning between City departments and within the LADoA.
- There should be one specific City department that leads and is responsible for all matters related to the senior population and that leading department should be the LADoA. For example, consider consolidating that portion of the Recreation and Parks Department ("Recs and Parks") dealing with seniors into the LADoA to produce economies of scale. Transferring employees from Recs and Parks into the LADoA could provide greater efficiencies and more bodies to handle the City's Aging Purposefully objectives.
- Require LADoA participation in the City's Affordable Housing and Homelessness committees/task forces and to continue to exchange information and collect data regarding such issues. The LADoA should be the lead City department overseeing senior affordable housing and homelessness concerns by and between the City, the County, and regional, state, and federal programs.

Discussion

Overview: The City of Los Angeles (the "City") is committed to improving the quality of life, independence, health, and dignity of our growing older adult population, through targeted, comprehensive, coordinated, and accessible community-based programs that provide direct services to seniors 60 years of age and older and to their family caregivers who reside in the City. The City's Department of Aging ("LADoA") administers 16 multi-purpose senior centers and three types of programs: 1) Direct Senior Services; 2) Older Worker's Program; and 3) Family Caregiver Services. These programs and multi-purpose centers include both congregate and home-delivered nutrition services, legal services, elder abuse education and hotlines, in-home assistance and services, care management, emergency alert response system ("EARS"), social/recreational activities, senior employment training, social services, a health insurance counseling and advocacy program, transportation assistance, and family caregiver trainings and support groups. The programs strive to help the targeted populations of older adults, usually 60 years of age and over, with the greatest needs for assistance.

For the 2016-2017 Fiscal Year, the LADoA has received roughly \$15.7 million from federal funding sources alone in addition to state and local city general fund support. This figure differs from the Mayor's Annual Proposed Budget-Blue Book figure of \$5.6 million, and is one example of the Blue Book's inaccurate reporting of LADoA's true funding. Notwithstanding what is reflected in the Blue Book, approximately 45% of the LADoA's true funding actually comes from federal funds. The City typically does a 25% match of the federal figure, which results in about an 8-9% contribution from the municipality. Grant monies used to fund the Direct Senior Services programs predominantly come from the federal Older Americans Act (1965) and the state Older Californians Act. Though annual federal and state grants in the past have typically been formula-based, using population as a key input variable, recent federal and state grant levels have not consistently increased in proportion to senior population growth. Disappointingly, as the City's population grows, the LADoA's funding from federal and state sources are not expected to keep up with the growing needs of the population. Furthermore, for fiscal year 2016-2017, the City has provided only (approximately) \$700,000 in administrative support towards the LADoA's overall operations; the LADoA shall rely on grant support for the remaining majority of administrative costs. The LADoA expects funding from local city general funds to remain roughly at the same levels for the 2017-2018 fiscal year.

The LADoA maintains very lean and transparent operations, and its expenditures are consistently in line with its internal budget plans. Due to its hybrid (e.g. federal, state, local, and private) funding structure, it goes through numerous various annual audits by several different federal, state, and local authorities. The department goes through fiscal audits of its financials as well as program audits to ensure compliance with applicable laws (such as the FDA due to the LADoA's meals delivery and nutrition offerings). Another key factor driving the LADoA's efficiency is the requirement by the Older Americans Act (1965) that the department conduct an open and competitive rebidding procurement process once every 4 years. The LADoA solicits new requests for proposals ("RFP") from service providers every 4 years to ensure it is receiving the best reliable services at the lowest costs. Because it is receiving federal funds, it is also required to 1) prepare a strategic plan once every 4 years; 2) align its strategic plan with its departmental management; 3) conduct outreach and annual public hearings to promote dynamic interaction with the older population; and 4) research and implement best practices in efficiency.

Like every other City department, the LADoA participates in the Mayor's performance based budgeting and periodically submits comprehensive financial plans, comp stat models, and performance metrics, as required.

Issues: The following are issues for the LADoA for fiscal years 2016-17 and 2017-2018.

Impact of Reduced Financial or Funding Levels

Though the LADoA is financially efficient, there are constraints and challenges stemming from operating at reduced financial or funding levels. Adequate staffing can be an issue for the LADoA. Further, since the department is working with a very specific population, they need professional staff with specialized

skill sets and experiences, which can be challenging to source and take longer to hire. For Fiscal Year 2016-2017, the LADoA had requested additional staffing, but the request was not approved by the City. When submitting their budget plan request for fiscal year 2017-2018, the LADoA will again request additional staff, however, this time, it will be to support the Mayor's Purposeful Aging Directive #17. The LADoA will request for 1 Management Analyst and 1 Senior Management Analyst II to support the same directive. Like any other City department, the LADoA would like to have upgraded technology and systems in order to do things faster and better. In the future fiscal years, the LADoA would like additional funding to expand its successful Older Worker's Program. The LADoA periodically conducts and submits needs gap assessments, and will be submitting one in the next 2 years.

Impact of Mayor's Executive Directive #17

Executive Directive #17 charges the LADoA with the responsibility of creating strategic plan(s) to make LA the #1 place in the world to age purposefully. The LADoA will work with private and public organizations such as the AARP and the World Health Organization to develop and implement such strategic plan(s). With the influence of Mayor Eric Garcetti, Los Angeles County and 20 of the 88 cities within the County have already expressed interest in joining the initiative. However, equally as important as developing the strategic plan(s) for the initiative, LADoA is also currently reaching out to the community for input, setting up focus group studies to gather ideas, and making plans to conduct feasibility studies to analyze and test the ideas and comments that are being gathered from nurses, geriatric doctors, subject matter experts, the community, and focus groups. Some of the topics for the studies may include: 1) best living arrangements for seniors; 2) transportation arrangements for seniors; and 3) how to help seniors age with dignity (addressing depression and suicide amongst seniors)

Despite the large mandate that was given to the LADoA, Executive Directive #17, has zero immediate budgetary impact for fiscal year 2016-2017, because it does not grant, allocate, or promise the LADoA any funds to carefully conduct feasibility studies, and/or execute the strategic plan(s) once the studies and the plans have been carefully vetted and finalized. However, not spending money in the immediate future to conduct proper feasibility studies can result in future spending mistakes on strategic plan(s) potentially riddled with risks or liabilities. Therefore, it would be prudent for the City to allocate some immediate emergency funds to LADoA to conduct its feasibility studies, or in the alternative, delay Executive Directive #17, until sufficient budgetary funding is allocated to the LADoA to conduct all necessary and proper feasibility studies and due diligence.

Addressing Senior Affordable Housing and Homelessness

Though a number of older persons utilizing the services of the multi-purpose senior centers are homeless, and the LADoA occasionally collaborates with various other City departments to provide input on this issue, the LADoA is not the City department responsible for managing, developing, or implementing the plan to address or solve the City's senior homelessness or affordable housing problems. Such concerns fall under the jurisdiction and oversight of the City's Affordable Housing and Homelessness committees and task forces, if any. However, from time to time, the LADoA, through their

non-public S.O.S. program, may communicate with certain other City departments to refer homeless seniors who have specific needs from specific departments.

As a result of the demonstrated success in assisting older persons in securing unsubsidized work (and consequently, their housing), in fiscal year 2016-2017, the LADoA was provided funds to create a senior employment training program for high risk and homeless older adults. The program is modeled after the existing Senior Community Employment program managed by the LADoA. The LADoA should continue to lead the effort in addressing homeless seniors.

Conclusion: The LADoA provides invaluable services to our older adult population with the greatest needs for assistance. The department has been operating at lean, lower cost, efficiency levels for some time now. With the Mayor's Executive Directive #17, the LADoA is currently conducting research and developing strategic plan(s) to make LA the #1 city in the world to age purposefully. It would be prudent for the City to make an investment into conducting proper feasibility studies prior to finalizing any final strategic plans for implementation. The general deadline for completing these strategic plan(s) is sometime in January 2017 and it can be expected that implementation of such plan(s) in 2017, 2018, and beyond will have financial and budgetary implications for the City. In summary, the Budget Advocates Aging Committee hereby makes the following recommendations with respect to the LADoA:

1. Anticipate and plan for budget dollars to implement the Mayor's 'Aging Purposefully directive.
2. Provide immediate emergency funds or budgetary funding to conduct the proper feasibility studies and due diligence related to the strategic plan(s).
3. Hire additional support staff to work on the Mayor's Aging Purposefully directive.
4. Upgrade technology to allow for improved communication and planning.
5. Require LADoA participation in all Senior Affordable Housing and Homelessness issues.
6. Appoint LADoA the lead City department overseeing all concerns related to seniors within the local community, the city, the state, and the federal government.

Budget Advocates Aging Department Committee Members:

Jacqueline Le Kennedy, Jon Liberman, Simone Best, and Ivette Ale

Department of Animal Services

Date: November 22, 2016

Budget Advocates: Keith Kirkwood, Ann Job, and Jacqueline Le Kennedy

Department Personnel: Brenda Barnette, General Manager; Dana Brown, Assistant General Manager for Administration; and John Forland, Budget Director

Recommendations

- Adopt stronger penalties for failing to pay fines (Recommend following Riverside County language).
- Create added incentives for fines to be promptly paid such as discounts if paid within 24 hours.
- Increase social media presence (with focus on adoption events that generate income for dept.).
- Advertise on social media, newspapers, and radio for vacant positions.
- Require that background checks are performed for Animal Control Officer positions.
- Offer civil service examination exemptions for volunteers and/or certain positions that emphasize more on personality and love for animals.
- Review, approve, and adopt the "Fee Study" as soon as possible but no later than fiscal year 2017-2018.
- Continue to expand the usage of the ACE citations program.
- Continue to partner with non-profits such as *Inter-City Law Group* to set up and run pet service centers throughout the City to help provide services and food for homeless pets.

Discussion

Overview: The Los Angeles Department of Animal Services ("LADoAS") is the municipal department that oversees and handles the enforcement of certain laws, as well as the physical intake, sheltering, management, and control of certain domesticated animals such as dogs, cats, rabbits, and horses, within the city of Los Angeles (the "City"). A major mission of the LADoAS is to become 100% "no kill", which the LADoAS proudly reports a 76% "save-life" rate amongst its shelters city-wide (90% rate for dogs; much lower rate for cats due to recent litigation and injunctions).

For fiscal year 2016-2017, the LADoAS received about \$24 million dollars in funding (mostly from the City's general funds), part of which includes about \$6 million dollars in revenues from canine licenses (equestrian license fees are given to the Los Angeles Department of Recreation & Parks ("Recs and Parks")). The LADoAS is looking into creative ways to increase its annual revenues from licensing fees (as discussed below), which have grown by only 10% over the last decade, though animal services labor costs have grown by 30%. The LADoAS does not receive any federal or state funding or grants, but instead receives about 30,000 private donations per year, and continually partners with veterinarian clinics, community organizations, and non-profits like *Best Friends*, *Inter-City Law Center*, and *ASPCA* (received grant for saving Pitbulls, Chihuahuas, and mixes of the latter two breeds). The LADoAS does not anticipate any new construction, renovations, or other major expenditures for fiscal years 2016-2017 and 2017-2018, and believes it is managing expenditures in line with its budget.

Issues: The following are issues or challenges for the LADoAS for fiscal years 2016-2017 and 2017-2018.

Challenges with Personnel Staffing and Ways to Become More Efficient

Since salaries take up a huge portion of the LADoAS' budget, human resources and staffing has always been a critical area of focus for the department. Currently, the LADoAS' operations plan includes 350 positions, yet the department has as much as 50 unfilled positions (for a job vacancy rate of nearly 15%). Though a wide variety of positions are vacant, the positions LADoAS has the most difficulty filling are animal control positions. Of the 50 vacancies, twenty-five (25) are animal control officer positions, and twelve (12) are shelter technician positions. Furthermore, there is high attrition amongst animal control officers and shelter technicians. What's worst is that the selection and recruitment process for new hires has been extremely slow, cumbersome, and disappointing. For example, once 50 qualified candidates are identified, about 40 wash out because LADoAS eventually rejects them or the candidates become disinterested due to the long wait for a hiring decision, and of the remaining 10 who are offered positions, only about 6 accept the offer and end up working for LADoAS.

Furthermore, because the department has a very strong culture and is relatively smaller than many of the other municipal departments, attracting, hiring, and retaining qualified persons with the right "personality" and "fit" are important goals for the department. However, filling vacant positions while reaching such staffing goals have also been challenging for the department over the past few years, especially with the centralization and consolidation of many city departments' recruitment and human resources services under the City Personnel Department. The LADoAS lost their in-house recruitment and human resources team in 2010. Unlike the Department of Recs & Parks and the Zoo Department, who each still have their own in-house human resources team, the LADoAS has become a "client" of the City Services Department, and relies on the City Personnel Department to handle all of LADoAS' staffing and recruitment needs. The people who supervise the human resources functions for LADoAS split their time and attention amongst LADoAS and several other city departments. Having to share human resources services with several other city departments, gives LADoAS less control, influence, and input regarding who gets hired and how fast, and sometimes results in LADoAS having to compete with other city departments for the same applicant pool.

In addition, the City Personnel Department uses the civil service selection system, which can be procedurally rigid, inefficient, and/or incompatible with LADoAS' needs. For example, under the civil service selection system, background checks are often conducted last, after candidates have gone through a protracted and rigorous application process that includes examination, interviews, and reference checks. However, since passing a background check is one of the most important selection criteria for an animal control officer candidate, the City Personnel Department should consider reversing the current process by conducting background checks first/upfront. This will allow the LADoAS and the City Personnel Department to quickly disqualify and weed out unfit candidates, to avoid wasting unnecessary time and resources going through other parts of the candidate selection process with those who would eventually fail the background checks. Other options include 1) consider hiring volunteers and placing them in certain candidate pools; 2) consider the police candidate pool for animal control officer positions; 3) increase the number of positions that qualify for exemption from the civil service examination (currently 150 positions citywide are exempt); and 4) lower the examination passing score threshold for certain positions. The LADoAS currently has a vacant Volunteer Coordinator position and is seeking a civil service examination exemption for the position.

Ways to Boost Revenues for the Department

As mentioned above, the LADoAS is always looking for ways to increase revenues and save costs. Since most of LADoAS' revenues come from licensing fees, the LADoAS has focused on increasing revenues from the following sources: 1) pet adoptions from shelters; 2) human-canine matching programs; and 3) citations enforcement and collections.

Firstly, pet adoptions are the best way to raise revenues for the City. After all, not only does a pet adoption result in the payment of licensing fees to the City, it also saves the City money from having to kennel, feed, and provide services for the animal. However, in order to promote pet adoptions and the willingness to pay licensing fees, the LADoAS would need to price the licensing fees properly, by taking into consideration current demand for adoptions, as well as the potential adopters' price sensitivities, which may also be contingent on the adopters' demand or level of interest for certain animals. For example, though the typical licensing fee for a dog is \$102, when a dog has more than 1 interested potential adopter, the dog may generate as much as \$300 to \$500 in licensing fees after an open bidding auction is conducted for ownership of the dog. A comprehensive "Fee Study" has been completed and approved by the LADoAS. The fee study is currently being reviewed by the Office of the Chief Administrative Officer ("CAO") and will subsequently go to the Mayor's Office for review and approval.

Secondly, LADoAS is focused on coming up with programs that match dogs with appropriate human companions to increase the overall save-life rates, and ensure that the dog has found its "forever home" and will not be back in the kennels or on the streets again. These programs help increase overall licensing fee revenues and/or save the City costs. An example of a creative matching program is the *Seniors for Seniors* program where a senior person may adopt an older dog for free. Furthermore, older persons typically get a discount on licensing fees (\$10 vs. \$20) in order to promote overall adoptions. The LADoAS and the Department of Aging, are currently working on a program where pets will be brought to convalescent hospitals to comfort seniors.

Thirdly, another way to increase revenues is through the effective and efficient collection of fines. The LADoAS is looking into completely migrating its citations systems to the "ACE" program, which is an administrative citations program modeled after the one utilized by the County of Riverside (using a system called "Chameleon"), that would allow the LADoAS to write, issue, enforce, collect, oversee, and retain most of the fines from citations it generated. Currently, various departments are issuing citations through the City Attorney's Office, but the cost of administration is so hefty that the LADoAS believes there is not enough of a return to continue going through the City Attorney's Office. The ACE program has been very helpful in raising compliance for licensing which in turn, has increased LADoAS' licensing revenues. The LADoAS estimates that continued use of the ACE program can help increase licensing fee revenues by as much as 65%; the LADoAS estimates that the increase in licensing fee revenues will be about \$80,000 per year, up to a maximum increase of \$300,000 per year. It is also possible to use the ACE program to issue citations for animal abuse, since the Los Angeles Police Department does have an animal cruelty department staffed by a Deputy whose salary comes from the LADoAS' budget.

LADoAS' Strategies for Homeless Pet Owners and Their Pets

Like every other municipal department in Los Angeles over the past year, the LADoAS was approached by the City to come up with a strategy to help the homeless community. Interestingly, the LADoAS came up with 2 different strategies that have received a tiny amount of funding and have been partially implemented.

The first strategy involves temporary pet shelter for emergency homeless situations. The LADoAS is the lead department responsible for running emergency pet shelters and setting up tents and kennels to house pets who have homeless owners in emergency situations, so that homeless people can focus on transitioning into a home, instead of worrying about their pets.

The second strategy involves services for the pets of people who have been homeless for some time. The program is called "The Assistance for Homeless People with Pets." The strategy has a number of parts and was first introduced by Council President, Herb Wesson. The strategy consists of: 1) addressing Tethering Laws to comply with the State's Tethering Laws; 2) expanding the free spay/neutering program for pets belonging to homeless owners; 3) allowing licensing and micro-chipping of pets for those who don't have an actual physical address, but only an email address; 4) establishing pet service centers to provide food for homeless dogs; and 5) providing longer term transitional shelter for pets of the homeless. With respect to the Tethering Laws, the City Attorney's Office is still analyzing whether the state Tethering Laws could be avoided. With respect to expanding the free spay/neutering program for homeless pet owners, the City has approved such program and allocated a tiny amount of funding to LADoAS. In addition, LADoAS has established relationships with about 30 to 40 volunteer clinics who will perform spaying or neutering free of charge with the presentment of a voucher. The free licensing/microchipping and transitional shelter programs have not received approval or further discussion, however, the pet services center program has become quite popular and 5 are in the process of being opened (there is currently one opened in Skid Row that is being sponsored and funded by the *Inter-City Law Group*). The LADoAS anticipates that it will staff these pet service centers for about 4 hours per week, unless there are additional events that will require additional hours from LADoAS staff. As one can see, the LADoAS is actively involved in assisting the homeless communities and their pets, yet these activities and programs have little impact or strain on the LADoAS' budget due to the LADoAS' partnerships with non-profits and private organizations.

Conclusion

The Los Angeles Department of Animal Services may be smaller than other City departments, but what they don't have in size, they make up with passion and spirit. We feel that with a more effective social media and advertising strategy, the department can bring in additional donations and more convenient ways to get dog licensees from constituents, as well as advertise vacant positions. The department's biggest needs are staff and we think that if the hiring process becomes more based on the passion and love for helping animals, than on scoring higher on a civil service examination and/or having a squeaky clean background check, better quality staff with the right heart will present themselves.

Budget Advocates Department of Animal Services Committee Members:

Keith Kirkwood, Ann Job, Kevin Davis, James Hornik, and Jacqueline Le Kennedy

Office of the City Attorney

Date: November 1, 2016

Budget Advocates: Danielle Sandoval, Barbara Ringuette, Jacqueline Kennedy, and Carol Newman

Office Personnel: Leela Ann Kapur, Chief of Staff; and Michiko Reyes, Chief Financial Officer

Recommendations

- Explore and identify alternative funding and risk management sources other than the City's coffers.
- Consider raising billable hourly fees in order to: i) raise revenues and/or ii) encourage other City departments to improve their operational practices to reduce liability claims, and the associated litigation costs.
- Expand the training program on risk management with the city departments, the Mayor's office, and LAPD.
- Independently take on litigation risk management (separate from the CAO's Office) and retain expert litigation valuation and litigation risk management specialists, at every stage of litigation.
- Increase Support staff
- Upgrade Technology

Discussion

Overview: The City Attorney's Office includes four branches: Municipal Law; Civil Litigation; Proprietary; Criminal and Special Litigation. The City Attorney is the legal advisor to the City, its Council, Commission's and Boards, departments, officers, and employees. The City Attorney prosecutes all misdemeanor offenses occurring within the City, examines all contracts and ordinances. It interprets the legality of actions and activities of the City, federal and state laws, the City Charter, and advises on the creation of new City ordinances. The City Attorney administers a wide range of neighborhood based diversion and restorative justice efforts, actions to protect consumers and abate nuisances within the City's neighborhoods.

Revenue: Funding is primarily from the City's General Fund, grants, and fees collected from various City departments for billable legal services performed for each of the City departments. Expenses related to proprietary departments come out of their departmental budgets. In order for this department to increase its revenue, the City Attorney's office may consider raising its hourly billable rates. Doing so may also keep the pressure on the City departments to take more precautionary measures to reduce lawsuits, settlement costs, and workers comp claims. Furthermore, the City Attorney's Office is currently "thinking outside of the box" and taking on a progressive and active role in protecting the People and consumers of Los Angeles by directly prosecuting persons or entities believed to have violated certain consumer protection or other civil laws through its Affirmative Litigation program. Not only does this program empower the City to fight financial fraud to save hundreds of millions of dollars, it also allows the City to raise revenues should litigation outcomes be favorable (due to certain laws that

allow for treble damages and other remedies). The City Attorney's Office should continue to prosecute civil cases with its Affirmative Litigation program to generate revenue and reduce financial fraud.

Risk Management: Any litigation, especially high-stakes civil or class action litigation can be costly and inherently comes with various elements of risk. The non-prevailing party has a lot to lose. Furthermore, the non-prevailing party oftentimes, if possible, will appeal any appealable judgement, which will create more risks and the need for additional litigation funding for all parties involved. There is no doubt that these types of endeavors can become very costly and risky. Therefore, it would be prudent for the City Attorney's Office to consider the following:

- Utilize In-house departmental funding only for fully vetted, lower risk cases
- Research various financial institutions or creditors to obtain "non-recourse" loans for litigation funding
- Inquire with insurance carriers regarding litigation outcome insurance and other special risk products and options.

Though the City Attorney's risk management system is currently coordinated with the CAO Office, the City Attorney's office needs to independently take on responsibility for litigation risk management. Litigation valuation and litigation risk management specialists should also be retained to conduct analyses for each case and for each stage of every case, as risks and costs may rise and fall with the introduction of new evidence, new case laws, new circumstances, new parties, etc. Pleadings, settlements, and case strategies should carefully be analyzed with cost-benefit, statistical, and expert-witness analyses. All of these measures would be prudent so that the City does not make any "bet the house" gambles.

Staffing: Increase in support staff is important to this department. Legal assistants/ Paralegals generally have an advanced understanding of the law and legal proceedings, and routinely perform tasks such as researching cases, preparing discovery, interviewing people involved in cases, preparing case summaries and general case management. A legal secretary, on the other hand, performs clerical and administrative tasks under the supervision of an attorney or a paralegal. Historically, the legal secretary's tasks commonly include word processing, dictation, handling incoming and outgoing mail, court filings and answering an attorney's telephone. While serving very different functions and having distinct job requirements and responsibilities, legal assistants/paralegals and legal secretaries work very closely together and often rely on each other to play instrumental roles in providing support to attorneys and to the practice of law.

Technology: The increased use of electronic devices allows attorneys to work independently anywhere, any time. IT-laptops, smartphones and tablets, along with voice recognition software, are just a few of the technological advancements that have vastly affected legal secretaries' duties. Younger tech-savvy associates need no encouragement to adopt the new technology and, as new generations enter the workplace. Paralegals play a critical role in assisting attorneys with discovery. They help manage the

discovery process, especially when large volumes of documents are involved. These documents are no longer housed in banker boxes with spreadsheets. Instead, through the use of computer technology, digital scanners and document management software, discovery documents are stored in electronic format. This use of document management software is another major technological change affecting legal support staff. Therefore, the traditional role of a legal assistant has transformed into a more tech-savvy one, and paralegals are now training and working with IT personnel to assist in managing the discovery process. Thus, successful litigation legal assistants must now be familiar with document management software, and state and federal e-discovery rules, and they must be able to coordinate with outside litigation support vendors. As a result, the evolution of document management technology has created a new legal support staff member who merges the skills of a paralegal and a computer specialist into a legal technology specialist. A legal technology specialist provides technical support for large e-discovery projects, document production and document reviews. If a specialized database was needed, the firm's IT technician or department would assist a legal assistant in creating one. However, a legal technology specialist not only requires advanced knowledge of document management software programs and database manipulation, but also a thorough understanding of federal and state rules of civil procedure. As technology continues to develop, legal and litigation support staff will continue to grow and remain to fill a vital function.

Budget Advocates Office of the City Attorney Committee Members:

Danielle Sandoval, Barbara Ringuette, Jacqueline Kennedy, and Carol Newman

Building & Safety

Date: November 28, 2016

Budget Advocates: Barbara Ringuette, Ann Job, Elvina Beck, and Connie Acosta

Department Personnel: Frank Bush, General Manager; Osama Younan, Executive Officer & Chief Sustainability Officer; Steve Ongele, Chief Resource Management Bureau; John Biezins, Chief, Code Enforcement Bureau; Frank Lara, Asst. Chief, Code Enforcement Bureau; and Ana Mae Yutan, Asst. Chief, Resource Management Bureau

Recommendations

- Waive fees or reduce and postpone fees on 100 % Affordable Housing projects and for Projects with 50% or more Affordable Housing units until a Certificate of Occupancy is issued or until the project is approved.
- Fund the remaining 14 Code Enforcement positions to ensure public safety and address quality of life concerns.
- Without delay, enforce code regulations on commercial spaces such as warehouses illegally converted to housing or entertainment purposes in order to protect public safety and limit city liability.
- Move forward aggressively with enforcement of required retrofits of soft story and concrete buildings to prepare for a major earthquake.
- Enforce existing codes covering quality of life issues – parking on the lawn, paving the front yard, open storage, over height fence, etc. Enforcement will result in fines to pay for inspectors.

Discussion

Frank Bush as General Manager and Osama Younan as Executive Officer are the new leaders of the Department. Bush's vision includes continuing to expand and extend the development cycle; create more inter-departmental partnerships to facilitate development; build a stronger and diversified team; enhance technology to improve customer services; and heighten nuisance abatement efforts.

Services – Building & Safety provides plan check services and issues permits for residential and commercial properties with the exception of LAUSD and State construction. The Code Enforcement and Inspection Bureau handles complaints and enforcement on single family and commercial properties.

Staffing – The Department was hit by the economic downturn in 2006-2007. Staff cuts approached 50% in 2008-2009. In 2007 the Department initiated a code violation inspection fee which is assessed if there is a code violation. The fees collected went from \$400,000 a year to over \$5 million, covering 85% of the direct costs of code enforcement. Three years ago because of funds collected from fees the Department began to restore staff.

42 Code Enforcement staff were to be added, 14 a year. 28 inspectors have been added; none were added for the current budget year; the Department will again request funding for the remaining 14 staff positions. The industry-wide standard is to respond to a complaint is within 10 business days. Before

the cuts inspectors were responding within 3 business days which went up to 27 business days at one point. The Department really could use the additional inspectors to address safety and quality of life issues.

Positions allocated in the 2016-2017 budget, mostly in the engineering bureau, are being filled. Positions paid out of the General Fund will be filled effective in January 2017.

Requests for the 2017-2018 budget will be minimal. 40 staff had been laid off in the economic downturn, and the Department has been able to bring them back. As new programs are added the Department requests additional positions. For example, starting next year there will be enforcement of energy requirements for commercial buildings and the Department is ramping up.

Metrics – The Department uses an impressive number of metrics which clearly illustrate how expanded workloads extend the time frame for providing services. The metrics demonstrate the need for adjusting staff as needed.

Development – Big projects are getting done with the most development in Downtown LA. Building permits issued in the first quarter of fiscal 2016-2017 show a growth of 6% over the same period last year. Dwelling units permitted in the first quarter show an increase of 40%. The number of dwelling units growth is on pace to meet Mayor Garcetti's goal of permitting 100,000 housing units in eight years (between 2013 to 2020).

Training – The last couple of years the Department has done a lot of outreach to industry in order to assure good, qualified staff. There is a very large training program, a minimum of four months, both for code inspectors and for engineers. Training is conducted inside the Department and outside. In order to plan for retirements, the Department is focusing more and more on cross training.

Homelessness – The process for new projects begins when the developer applies for entitlements including possible zone changes and variances with the Planning Department. Then to Building & Safety where case management helps the developer and brings other departments to the table – Bureau of Engineering, DOT for street approvals and traffic impacts, etc.

The Mayor issued an Executive Directive to expedite any homeless project such as a shelter, low income housing, food bank, or affordable housing. The plan checker moves these projects right away to the case management section which can reduce the amount of time in plan check by at least 25% or at least a month. If a developer of a homeless project needs help, contact Osama Younan, the Executive Officer.

Councilmember Cedillo introduced a motion to not charge plan check fees for homeless projects until the project is approved. Currently developers pay application fees for the entitlement when the project goes to the Planning Department; these can be around \$30,000. There is no charge by Building & Safety for case management services; LADBS fees are required when plans are submitted.

Budget Advocates agree that projects largely funded by the public, scarce public funds, should be expended only when a project goes forward. This is another method the city can help assure projects are built at lesser expense, will move more quickly through the development process, and that a maximum number of units will be available at the earliest possible date.

The Department has instituted a Parallel Development Process that cuts construction time by (1) working on the design process while at the same time (2) applying for permits in phases. This is more efficient, shortens the time line and is good for developers, for neighbors, for everyone.

Conditional Use Permits – The City first granted conditional use permits in 1977/1978. The Department’s code enforcement section responds to complaints of expanded or changed uses without permits and also complaints of illegal construction. Most complaints involve noise, fights, and crime. Inspectors work with LAPD vice units as needed, and police can do nuisance abatement proceedings in the most protracted cases. DBS also investigates complaints on Conditional Use Beverage (CUB) permits.

City Planning is completing work on a program to monitor new CUBs; unannounced inspections will occur at six months and two years to check that alcohol-serving businesses are following guidelines. DBS will begin these inspections after City Planning collects the fees to cover the costs of the program.

Billboards/Signage – The sign unit monitors off-site existing signs every other year. The Department welcomes calls regarding questionable billboards and signs. When an inspector finds a violation and writes an order to comply, a \$350 fee kicks in which becomes \$660 if the owner does not comply within a set number of days.

Technology –The Department is continually bringing technology up-to-date. New technology this year has solar and electronic permits being issued on line. Also, the Department won the Outstanding IT project Award for the “LADBS Go” Mobile Application at the Los Angeles Digital Summit. This application provides easy access for essential Department services from smart devices. The Department is working on new inspection modules which will be more interactive.

City Controller Ron Galperin recently suggested using technology such as Google Satellite and Street to confirm code violations without sending an inspector to investigate room additions, over height fences, etc. In some instances technology could limit the number of field calls where an inspector drives to the site.

Partnerships with Development Services Departments – LADBS has signed Partnership Plans with five Departments - DWP, Housing and Community Investment, Fire, Planning, Transportation and five Bureaus of the Public Works Department. The agreement is to collaborate on topics of common interest; to establish methods to help projects meet requirements; to increase the building process in order to stimulate the economy; and to improve customer service.

Surcharge for Development Services Center – The previous surcharge amount of two percent has increased to three percent to cover the \$21.76 million cost of developing and implementing BuildLA, a comprehensive enterprise-wide development services system. The surcharge fee is added to fees imposed for permits, licenses or applications. Two-thirds of the surcharge will be used to provide for the cost of design, construction, equipping and operating Development Services Centers.

Summary

The Department of Building & Safety provides services essential to the safety and quality of life of our neighborhoods. 91.4% of DBS funds come from fees for services, the remainder 8.6% from the General

Fund. The Department continues to improve customer service through interdepartmental partnerships, innovations and technology.

Budget Advocates Department of Building and Safety committee members:
Barbara Ringuette, Ann Job, Elvina Beck, and Connie Acosta

Office of the City Administrative Officer (CAO)

Date: October 18, 2016

Budget Advocates: Barbara Ringuette, Danielle Sandoval, Brian Allen, and Tony Michaelis

Office Personnel: Patricia Huber, Assistant City Administrative Officer and Executive Officer; Yolanda Chavez, Assistant City Administrative Officer; and Jacob Wexler, Finance and Revenue

Recommendations related to affordable housing and homelessness

- Advocate for a linkage fee to assure a permanent source of funding for affordable housing.
- Make certain the Department of Housing and Community Investment (HCID) has a robust process to monitor affordable units built both density bonus projects and units built with HCID financing.
- Assure expansive outreach and education in communities before advancing homeless housing projects in order to gain support and minimize pushback.
- As soon as possible bring on line additional permanent housing, storage facilities and services for the homeless population.

Additional Recommendations

- Opportunities to research and study innovations for City Departments.
- Create performance metrics to assess & improve response time for City Services, e.g. number of days to approve a Preferential Parking District or the number of days to tow an abandoned vehicle.
- Consider contracting out cybersecurity systems while evaluating alternatives for updating technology city-wide.

Discussion

The Office of the City Administrator deals with the City Budget. The CAO works with the Mayor, the City Council and the City Departments, providing an analytical role.

Staffing – The Office has added a citywide homeless coordinator and is hiring an administrative assistant. In order to be a bit ahead of budget the Office is carrying a few vacancies and under filling, allowing a gap in salaries. Quite a few employees have left the office and many are eligible to retire. The Office is working on the next group of employees to step up.

FUSE with the CAO –FUSE is a nonpartisan, nonprofit organization with a mission to enable local government to more effectively address the biggest challenges facing urban communities. FUSE is providing three staff people to work with the CAO. One staffer is working on housing issues as part of the homeless plan. Another is working on infrastructure issues and funding of public/private parking. The third will work on LA24, the Olympic bid, its impact on the City and City operations.

Grants – The CAO has one staff person whose emphasis is on the reporting required for current grants. The Office expects to ask for another staff to identify new grant opportunities for all Departments. The Office must weigh the return on investment against any burden there may be from the General Fund. Grants fund opportunities to study and evaluate innovative solutions to various challenges the City

faces. The City should take maximum advantage of funding to look at the various challenges facing the multiple City departments. Expertise in researching and writing grants is essential to utilizing this additional funding resource.

2016-2017 Budget Successes – the City met the goal to set aside 5% of the Budget for reserves, all coming from one time revenues. \$140 million was allocated to the Homelessness Budget. All core services were maintained. The Budget did not expand much.

The work is to get rid of the structural deficit for the City which deficit has grown a bit to \$85 million. Expenditures have been growing faster than revenue. So, the Office is revisiting revenue projections, tightening up, looking at efficiencies. If Departments want to provide more services, they must have offsetting efficiencies or new revenue. This year's Budget is 100% balanced. On the whole services have been maintained, not lost. There has, however, been a one-time salary adjustment with salary savings of \$9 or \$10 million city-wide.

Fees – CAO staff make sure fees charged by City Departments are appropriately covering costs. They push Departments to institute fees where appropriate and to conduct fee studies every year to assure fees are updated to cover increased costs and to avoid sharp increases in any one year. Decisions are made where the City does not cover every cost, for example, swimming pool fees do not entirely cover the cost to the Department of Recreation and Parks.

Liabilities – CAO Santana has been aggressive in negotiating a settlement on the ADA suit regarding sidewalks and providing an approach to sidewalk repair. Liabilities related to LAPD matters continue.

Performance Management – The CAO works closely with the Mayor on issues of performance management. They are looking for outcomes, trying to refine current benchmarks while coming up with a benchmark for every big program in the City. Budget Advocates reported frustration with several city services and suggested that some metrics should be at a service level, e.g. number of days to (1) approve a Preferential Parking District, (2) tow an abandoned vehicle, etc. Questions such as the efficiency of 700 parking enforcement officers would be reviewed by the Controller's office.

Reviewing Department Budget Requests – The CAO reviews budget requests from the City Departments, first asking the question – what are you doing with the staff you currently have? It is the responsibility of department management to look at personnel inefficiencies. At the end of the budget cycle, unspent Department funds will be taken away. However, a Department can encumber funds if it legally incurred the cost in the prior year. Any unspent funds over two years are automatically swept into the General Fund unless the Department provides a specific request.

Information Technology – The City must find a balance between contracting out to the cloud and doubling down on updates of present technology. There is no possibility of doing cutting edge technology; the City always is going to be behind the cutting edge. The larger risk to the City is loss of data. Cybersecurity systems change very rapidly which is why Budget Advocates recommend contracting out for these systems.

Linkage Fee Study – Released in October, hearings on a proposed linkage fee have begun. In the early 2000's a linkage fee was in process when the economy collapsed. Fees would go to the Affordable Housing Trust Fund (AHTF) or a similar special fund. HCIDLA underwrites affordable housing, currently about 800 units a year. For every dollar in the AHTF about three dollars are leveraged. Most of AHTF

funds are federal funds. Housing must remain affordable for 55 years. HCID is responsible for monitoring that affordable units go to those who are income eligible.

Budget Advocates expressed concerns that (1) apartment managers managing buildings that have covenants to provide affordable housing erroneously say they do not offer low income housing and (2) density bonus projects detrimentally impact neighborhoods for seemingly nothing in return.

Homeless Housing – Unused city properties have been put out for bid. The CAO is talking with Councilmembers regarding logistics on these city-owned properties. A difficulty is that owners will not lease their private properties for homeless housing. Budget Advocates suggest there be no surprises at the last moment – that outreach and education prepare the community in order to lessen pushback once specific housing projects for the homeless are made public.

There can be no enforcement action to remove tents or excess property from public spaces under Municipal Code 56.11 until there is locally available storage for the belongings of the homeless. It will be the CAO who will make the determination as to when 56.11 can be enforced. A pilot program is proposed in San Pedro but there has been criticism over the cost.

The City had been restricted from enforcing removal of tents from the sidewalk until 100,000 units had been built; that number has been met. A lot of pressure comes from the federal level. The federal Dept. of Justice looks at how cities enforce laws and whether or not there is a civil rights issue. The question is whether the cities have laws criminalizing being homeless.

The U.S. Department of Housing and Human Development (HUD) has determined that outcomes are not good for temporary shelters. Yet at the same time HUD is not providing enough money to create permanent housing. This year's City budget for the homeless is mostly one-time money. Next year's budget will include funds under Measure HHH. The CAO is working with HCIDLA and LAHSA.

Conclusion

Getting to a more sustainable Budget is one of the CAO's foundational goals. Budget Advocates can assist the CAO by providing its White Paper early so there is ample time to address recommendations. The CAO is very busy in February and early March into April. Also, Budget Advocates can help by providing comments and advice regarding metrics.

Budget Advocates City Administrative Office committee members:
Barbara Ringuette, Danielle Sandoval, Brian Allen, and Tony Michaelis

Contract Administration Bureau (Public Works)

Date: November 4, 2016

Budget Advocate: Kevin J. Davis

Bureau Personnel: John L. Reamer, Director

Recommendations

- The City provides the Bureau of Contract Administration the funding necessary for additional staff and office space for the Office of Wage Standards to insure proper compliance of the new minimum wage ordinance.
- The City provides funding to allow the bureau to continue its move toward paperless transactions through the increased use of smart phones and tablets for field work.
- The City provides proper funding for additional inspectors to allow the bureau to quickly and efficiently conduct inspections for the new sidewalk program.
- The City provides adequate funding for additional inspectors to ensure adequate hiring of disadvantaged worker and proper safety on capital improvement projects.

Discussion

According to Reamer, in the last year, the bureau has hired 16 assistant inspectors, has worked with the City Attorney to develop a policy to allow for the use of electronic signatures on documents rather than require "wet" signatures, and provided its inspectors with smart phones to improve communication and the sharing of information.

Private development has continued to flourish and the new technology allows the bureau to expeditiously approve work on the spot for special permits which limits delay which would prevent developers from getting certificates of occupancy. This is an ongoing goal which the bureau hopes to see continued improvement in the future.

The ultimate goal of the bureau is to be paperless in terms of transmitting and receiving information. The current plan is to do this in phases.

Reamer stated that he believes that the public's confidence in the bureau increases when the response time to requests is fulfilled within a limited period of time. He stated that improved technology improves the ability of the bureau to respond within the window. The bureau also anticipates increased use of the webpage to deal with general requests. Improved technology also allows the bureau to respond quicker using electronic means.

This year, the City is responding to the lawsuit regarding the condition of the sidewalks. It will be a rebate program which will allow property owners to work with the City to fix damaged and broken sidewalks. The property owner will make a request to get the sidewalk assessed to see if it is in good condition. An inspector will determine what work needs to be done to make the sidewalks ADA compliant. The property owner will have a certain amount of time to decide if they want it repaired,

who they want to have repair it. Once the work is completed, the inspector will make an onsite determination and send a verification using the newly-issued smart phones.

The challenge with smart phone is the small screen, so the bureau is discussing the idea of issuing tablets to some inspectors to allow them to download and review plans and other documents in an effort to minimize the use of paper documents. The focus is about moving information more efficiently to allow inspectors to give answers to contractors quicker.

According to Reamer, the first area the bureau is focused on is insuring compliance with the new minimum wage law.

In order to help ensure compliance with the new law, the bureau has established a new Office of Wage Standards. The office has only been in operation for about six months. The law will be applied over the next five years with the ultimate goal for the all Los Angeles business to pay employees at least \$15 per hour. The bureau has asked for additional staff to handle community outreach and enforcement. The increased need for staff will result in the need for additional office space. The bureau has asked the City for funds to cover these increased costs.

The second area the bureau is focused on is the recently enacted sidewalk repair program in conjunction with other City departments. This should result in the need for additional inspectors. Reamer stated the bureau is not sure how many additional inspectors will be needed because the level of demand is unknown.

One of the bureau's goals will be to ease regulations on projects with small estimated costs to allow small private contractors to compete effectively for these projects. The intent is to allow small area business to be able to grow into medium-size businesses.

The third area of focus is to promote local hiring in conjunction with the City's capital improvement efforts. The intent is to provide additional career opportunities for those in the construction trade who may be disadvantaged. The goal is to encourage contractors to hire 30 percent of their workforce from selected zip codes where the unemployment rate has been identified as high and/or where the average income is at or below the poverty level.

State law already requires certain contractors to hire a designated number of apprentices for these projects. The City has a higher standard focused on disadvantaged zip codes. Hiring for these apprenticeships has been focused on those identified as transitional workers – veterans, homeless and those with a criminal past making an effort to turn their lives around. These candidates are identified by reaching out to community groups. Candidates are required to attend training and no compromise in safety in relationship to this program is allowed.

The fourth area of focus revolves around the impact of mobility development – primarily the new Metro light rail construction. Because construction can result in the need for utility lines to be rerouted, City inspectors are needed insure this is done safely. The focus of the bureau is to facilitate with a minimum

of conflict. Due to the projected increase in this type of constructions, additional inspectors will be needed.

In the area of insuring contract compliance, the bureau is investigating software options to make to easier and quicker. Currently, prospective contractors must complete a hand-written questionnaire which asks background information such as any lawsuits or safety investigations the company may have been involved in.

Reamer indicated he would like to see this done for every prospective contractor, but admits this is “slow in coming.” Reamer stated he would like to see this done online. The bureau is working with ITA and the Controller’s Office to facilitate this.

At the completion of a contract, every program managers should submit a “report card” on the performance of the contractor. This is designed to allow other City agencies access to performance information on a vendor they may be intending to hire. Again, this is currently available in a hand-written format. The bureau is currently evaluating software options for this as well.

Budget Advocates Bureau of Contract Administration Committee Member:
Kevin J. Davis

Office of the City Controller

Date: February 28, 2017

Budget Advocates: Jay Handal and Danielle Sandoval

Office Personnel: Ron Galperin, City Controller and Matt, Chief of Staff

Recommendations

- Fully Fund a new payroll I.T. system
- Develop a funding mechanism for a new fully integrated I.T. System citywide
- Allocate resources for tech and innovation
- Fund two additional positions to help expedite MOU's
- Fund a new position "Data Scientist"
- Fund 1 position for the "Waste, Fraud and Abuse" division

Discussion

The budget Advocates recognize and applaud Ron Galprin for his contributions to the city's transparency efforts, with the launch of the Control Panel L.A. portal, Civic Innovation Lab, an engagement effort aimed at using city data to solve city problems, and the Civic Innovation fellowship, which pairs enterprise city staff for short-term projects and the newly launch Property Panel.LA the most comprehensive map ever produced of properties owned by the City of Los Angeles. Since coming to the Controller's office, he has made the City extremely transparent, and continues to do so, opening up all avenues of technology with an extremely short staff. He believes that his office IS the Independent Office of Transparency and strives to continue to open up all of the books and numbers to the stakeholders.

Payroll I.T. System - The controller explained that the current payroll system is outdated and antiquated. It was expressed with great concern that unless we fund a new payroll I.T. system the city will face severe consequences. Estimated cost of a new system is \$50 million and we recommend that the departments begin implementing a payroll backup plan in the meantime in case of a system crash.

Technology - Develop a funding mechanism for a fully integrated I.T. System citywide should be looked at as an Infrastructure investment and should be funded through a major bond issue. It cannot be funded piece meal annually if we are to truly bring our City into the 21st Century.

Staffing - Additional positions the help expedite MOU's area are needed due to a backlog in developing the MOU's that causes inefficiencies and needless delays.

Currently, an intern is acting in a position that the Controller describes as a "Data Scientist". This is someone who takes all of the great data the Controller has opened up and analyses it for better use

than just making it transparent to the public. In order to collect the city's data, we recommend that funding at least two "Data Scientists" this will ensure and expedite the process of collecting the data and begin the integration phase.

As to the position for Waste, Fraud, Abuse, this is an area that we all should be concerned about. The savings found through this division both pays for itself as well as makes our City more accountable and efficient.

Budget Advocates Office of the City Controller Committee Members:

Jay Handal and Danielle Sandoval

Cultural Affairs Department

Date: January 20, 2017

Budget Advocates: Ivette Alé and Krisna Velasco

Department Personnel: Daniel Tarica, Assistant General Manager; and Alma Gibson, Director of Administration

Recommendations

- Consistent with previous Budget Advocate recommendations, the DCA should be given the support and resources to modernize their operations by upgrading their technology infrastructure, as well as streamline and standardize inter-departmental communication.
- There should be infrastructure investment in current DCA managed facilities, particularly theaters and other venues, in order to be fully leveraged revenue streams.
- Fees associated with theater and venue rentals should reflect market-rates for private and for-profit groups, while remaining cost-neutral for community and non-profit organizations.
- In line with the DCA's current study, fees related to classes and other services should be comparable to similar municipalities.

Discussion

Overview: The Department of Cultural Affairs is comprised of 5 divisions that work in conjunction to provide arts and cultural experiences for Los Angeles' residents and visitors:

- | | | |
|--------------------------|--------------------|------------------|
| 1. Community Arts | 3. Public Art | 5. Marketing and |
| 2. Grants Administration | 4. Performing Arts | Development |

With a focus on equity, access and efficiency, the DCA aims to creatively increase the quality of life of 4 million residences by advancing the social and economic impact of the arts and ensuring access to diverse and enriching cultural activities. The DCA achieves this through: grant-making, marketing, development, public art, community arts programming, performing arts, arts education, and building partnerships with artists and arts and cultural organizations in neighborhoods throughout the City of Los Angeles.

DCA provides arts and cultural programming through its Community Arts Division, overseeing 37 neighborhood arts and cultural centers, theaters, historic sites, and educational initiatives. DCA's operating budget and managed portfolio totals over \$42 million in fiscal year 2016/17. It consists of 1% of Transient Occupancy Tax funds (\$18 million), \$13 million from the Private Arts Development Fee Program (ADF), \$11 million in funds from the Public Works Improvements Arts Program (PWIAP), and private and public funds raised from foundation, corporate, government, and individual donors. Because the DCA is responsible for covering related costs (maintenance), it does not receive the full 1% of the

Transient Occupancy Tax funds - The amount of related costs currently totals \$4 million. The Public Art Division administers a portfolio that totals \$24 million in PWIAP and ADF funds in FY16/17. Of this amount, typically 15% to 20%, or between \$3.6 and \$4.8 million, are attributable to artists' fees. DCA's Marketing and Development Division has raised over \$36 million during the last 15 fiscal years to re-grant to LA-based artists and arts and cultural organizations, and to support DCA's special programming and facilities. DCA also invests in LA's creative community by granting approximately \$3.2 million annually to 285 artists and nonprofit arts and cultural organizations through its long-established Grants Administration Division. DCA's Marketing and Development Division also markets the City's arts and cultural events through:

- Development and collaboration with strategic partners
- Design and production of creative catalogs, publications, and promotional materials
- Management of DCA's website and social media channels (i.e. Facebook /culturela; Instagram @culture_la; Twitter @culture_la; and the newly constructed culturela.org).

Issues: The DCA's Budget has been hit very hard in the last 13 years, being cut by 50% in 2004, and by another 50% in 2011. This has resulted in the deterioration of infrastructure, stunted revenue channels, and under-staffing. The Department aims to rebuild and stabilize operations back to the point of capacity.

The DCA outlined the following needs:

1. Be fully integrated on the City's Internet backbone
2. Attend to and build infrastructure, particularly in the Performing Arts Division
3. Build up staffing

The DCA is currently very limited by the lack of uniform access to Internet technology across the municipality. Because of the lack of tech infrastructure, most DCA run facilities cannot accept credit and debit cards, only cash and check, limiting possible revenue streams. Even the use of such mobile applications as SquareCash is dictated by the cellphone service available in each individual location. In order to reach maximum efficiency, the DCA stresses the need for uniform access. Lack of uniform access limits the department's ability to collect data as to who is being served by its services. Until recently, limited technological support by the City had restricted the department to an outdated website from 2001. In order to update their web presence, the Department was forced to contract an independent design firm. In order to fully upgrade its technology systems, the DCA anticipates a need of approximately \$1million. The Department also indicated that every one of its facilities had infrastructure needs. DCA run theaters are underused, requiring infrastructure improvements to make them marketable for renting and DCA programming. With a sever reduction in staffing, the DCA has relied heavily on part-time employees. Most affected by understaffing has been the Marketing and Development Division. The division was reduced to 1 full-time staff member during the previous budget.

Currently, the DCA has 2 full-time staff members – the Digital Communications Manager and Art Division Manager – but has yet to fill the Public information Director position.

In order to increase efficiency and mitigate costs, the Department has decreased reliance on part-time employees, decreased their overtime needs and focused on expenditures. The DCA believes it can increase revenue by continuing to expand their full-time staff and investing in infrastructure and technology. This spending will allow for current City-owned facilities to be fully leveraged as revenue streams. The Department is also currently conducting a fee study to determine appropriate pricing for the services it provides. The Department indicated that fees have not been examined since 1993 and that costs need to be responsive to today's needs. Through this study, the Department is comparing the cost of classes, theater rentals, etc. to similar municipalities. They also indicated that costs would not be compared to private arts classes in order maintain access and equity, and keep barriers to entry low. Theater rental will continue to provide accessible rates for community groups and non-profits groups.

Because the City's budget doesn't immediately respond to economic shortfalls and the Department's largest funding stream remains the Transient Occupancy Tax, the DCA's budget is vulnerable to revenue fluctuations from year to year. In order to build a safety net to respond to these fluctuations, the DCA would like to receive \$250K in additional budget support during each fiscal year, with the ultimate goal of building up to 1% of the Departments budget.

Conclusion

The Department of Cultural Affairs is currently underleveraged and underfunded. The lack of technology infrastructure remains one of the primary barriers of optimizing revenue streams for the department. By centralizing and streamlining technology across divisions, the DCA will also increase staff efficiency and its effectiveness in reaching community participants, partners and potential donors. Additionally, DCA run facilities require significant infrastructure updates in order to maximize revenue from theater and venue rentals. The DCA's current rental fees are based on the costs to the department, or cost neutral. This is an area for potential increase in revenue, not only by upgrading the facilities, but also by charging market-rates for facility rentals beyond the costs to the department. The Department also indicated that current fees are not in line with comparable municipalities. Updating fees for classes and services will bring an additional increase in revenue.

Budget Advocates Department of Cultural Affairs Committee Members:
Ivette Alé, Krisna Velasco, and Hayes Thrower

Department on Disability

Date: December 9, 2016

Budget Advocates: Amy Foell, Dr. Patrick Seamans, and Jeanette Hopp

Department Personnel: Dr. Stephen Simon

Recommendations

- The City must allow an exemption in order for the Department on Disability (DOD) to hire outside experts for Section 508 /ADA compliance, which is a remediation process for all City of Los Angeles online documents to be accessible.
- Increase funding for HIV and AIDS programs which are housed at the DOD
- Continue to move forward and expand the Title III program helping small businesses become accessible using low cost ADA consulting and tax incentives.
- City Council needs to move forward on funding the blue curb program so disabled citizens can park their cars in accessible areas close to home. This funding would be allocated to the Bureau of Street Services; however the DOD supports more accessible parking in Los Angeles.
- Create an app that functions with crowd sourced information rating accessibility of Title II and Title III venues throughout Los Angeles.

Discussion

Overview: The department's function is to oversee the City of Los Angeles compliance with Title II (Public Sector) of the Americans with Disabilities Act (ADA) along with related federal and state disability laws to ensure that facilities are accessible and the City provides access to all programs, services, and activities for children and adults with disabilities. Services include but are not limited to Braille translation, Sign Language Interpreting, (SLI), Communications Access Real-time (CART), ADA training to City staff and reasonable accommodations to City employees with disabilities. The DOD has begun to provide services to small businesses under Title III (Private Sector) of the ADA. These services will include compliance advice, technical assistance and mediation. HIV and AIDS related services are also housed here. The DOD serves an estimated 21% of the City's population with a current staff of 22 people.

Issues:

- The hiring process prevents the DOD from employing an expert from outside City government to remediate online documents (508 compliance). The DOD needs an exemption to hire qualified staff to do the job.
- The DOD needs funding to specifically train sign language interpreters for public safety situations. For instance interpreting at a police station.
- The DOD needs \$50,000 annually in their budget to provide "Common Look" software licenses for City employees.

The DOD is in the midst of staff reorganization for better results.

Conclusion

The DOD's role is to ensure every city program, service and facility is compliant with the ADA, anything short of that measure positions Los Angeles' vulnerable to litigation. It is our recommendation to set the DOD up for success with critical funding and appropriate exemptions to place us ahead of the curve versus behind the eight ball. Our City has given away millions of dollars in lawsuit settlements – it's time for City Hall to stop the bleeding of monies and start taking right action.

"An ounce of prevention is worth a pound of cure." – Benjamin Franklin

Budget Advocate Department on Disability Committee Members:

Amy Foell, Dr. Patrick Seamans, and Jeanette Hopp

Economic & Workforce Development

Date: October 21, 2016

Budget Advocates: Amy Foell and Jacqueline Le Kennedy

Department Personnel: Jan Perry, General Manager; and Anthony Sanchez, Senior Management Analyst

Recommendations

- Create training and certifications program for high demand industries such as information technology and health care for youth and unemployed/under-employed people.
- Mitigate employment barriers such as lack-of or poor housing, quality childcare, and transportation, by improving relationships with Housing Authority of the City of Los Angeles, and other housing assistance organizations.
- Obtain more federal grants for the department, so we rely less on the City's budget
- Partner with the Opportunity Fund to protect small businesses from predatory lenders.
- Minimize overhead costs to see if there is duplication or overlap in roles and responsibilities since salaries are the bulk of budget expenditures or base increases on performance metrics.
- Improve oversight of the Work Source Centers, Youth Source Centers, and other centers and programs in order to ensure transparency, efficiency, accurate financial reporting, and best practices for contractor selection.
- Partner with LAUSD and the private sector growth industries to improve curriculum and educational rigor so our student graduates are employable upon graduation. Equip each LAUSD student with foundational skills such as literacy, writing, communication and financial literacy.

Discussion

Overview: The City of Los Angeles Economic and Workforce Development Department ("EWDD") has two major roles, economic development and workforce development for Los Angeles (the "City"). The EWDD works with employers, non-profits, businesses, community colleges and schools, and other organizations to leverage new relationships. About 85% of their budget is grant funded through the U.S. Department of Housing and Urban Development and the U.S. Department of Labor; the rest is covered by the City's General Fund. The EWDD employs about 170 staff, and administers about 9 Centers, 17 Work-Source Centers ("WSC"), 16 Youth Source Centers ("YSC"), and a few other state and federal programs. The EWDD has not incurred and does not expect to incur any major expenditures in the near future. The EWDD participates in the Mayor's performance based budgeting, and uses tools that allow them to track constantly all reporting metrics on a monthly basis, including workflow and economics.

Successes in the past fiscal year include the hiring of thousands of LA's youth, the completion of the Los Angeles Center, and Jobs.LA.org. EWDD has helped establish several trade, clean tech, and tech labs and innovation/incubation centers in the downtown city area. EWDD has partnered with community colleges to offer programs such as the Hire LA's Youth year-round program. Employers are offered a tax incentive of \$2,000 per young person hired through a WSC or YSC.

The EWDD offers incentives and programs for small businesses and other sized employers and entrepreneurs, and works with the SBA and FDIC to educate those in the community who are looking for different sources of financing. The following programs and projects are also available for entrepreneurs:

1. Jedi Zones enhanced tax credits
2. Low interest loans for growth industries such as food processors
3. Commercial Enterprise tax credits
4. Revolving loan programs
5. Microloans up to \$50,000
6. Gap Financing for real estate transactions

The EWDD is also working with other City departments on housing and transportation issues for those who are looking for work, but have issues with housing and/or transportation. The EWDD works with and has programs for older persons and homeless Veterans. EWDD is also working with the RAMS' management to hire more Angelinos for staff positions, and other employers to hire long-time prisoners who would like to re-enter the workforce and have been granted clemency from the Governor.

Issues:

- The EWDD was authorized in FY 2016-2017 to hire more than 20 additional new staff, but have only filled about 3 or 4 positions, mainly in the Economic Development division. The lengthy process and procedure to hire civil servants is challenging for the department. An improved hiring process is desperately needed.
- Like other City departments, the EWDD needs additional funds to update their old technology.
- A key goal for 2017 is to collect the monies from the gang injunction settlement (Rodriguez Case). The City of Los Angeles will pay as much as \$30 million to assist thousands of people who were subjected to unlawful curfews included in city gang injunctions. The money will be used primarily to provide job training for gang members to re-enter the workforce.
- Submission of proposal for Citywide Economic Development plan costing up to \$1,000,000- slated to start end of first quarter 2017.
- Improve marketing of EWDD to federal government for more grant dollars, tax credits, alternative financing strategies, and a geographic focused study.
- Because the EWDD receives federal funding, they are required to go through a re-procurement process once every 5 years. Furthermore, they are also required to develop a new or renewed strategic plan for their WSCs once every 5 years. Per EWDD, a strategic plan for the WSCs was submitted in 2012/2013, so the next strategic plan would need to be submitted in the next fiscal year. However, per an investigation by the City's Controller, Ron Galperin, the EWDD appears to have been lax on its oversight and bidding procedures for contractors for its 17 WSCs. An example of lax oversight by EWDD is the continuance of working with a vendor who the County of Los Angeles had canceled its contracts with since 2013, due to false billing and financial problems. Furthermore, in 2015, three of such vendor's executives were charged by the District Attorney's Office with conspiracy, embezzlement and misappropriation of funds (defrauding the County of \$8.5 Million). EWDD should have been cautious about this vendor given its negative history. Going forward, EWDD should work with the Controller's Office to implement the Controller's recommendations on contractor bidding compliance and best practices.

Conclusion

Our recommendations fit the mission of EWDD but we are approaching the solution to economic problems in very different ways with specific partnerships so departments can work smarter and not harder. According to Ted Ross, the CIO of Information Technology Agency for the City of Los Angeles, one in ten jobs are high tech jobs here in LA. There are more high tech jobs in LA than any other metro region in the U.S. On average tech pays 70% more than other industries. It makes sense to train our youth for this high demand and high paying sector. From an outsider's perspective it also seems the asks for monies should not be limited to the federal government and that the EWDD needs to develop private sector funders and partnerships to expand the budget, training and impact. This will give the EWDD increased funding while setting up the Los Angeles workforce for success with secure employment, a higher quality of life and greater spending power.

Addenda

- <http://www.latimes.com/local/lanow/la-me-ln-gang-injunction-deal-20160316-story.html>
- <https://www.opportunityfund.org/media/blog/unaffordable-and-unsustainable-new-opportunity-fund-report/>
- <http://www.dailynews.com/government-and-politics/20170113/report-slams-la-officials-for-ignoring-red-flags-in-worksource-centers-program#.WHw39XOwtc0.email>

Emergency Management Department

Budget Advocate: Brandon Pender

Recommendation

- Increase the full time staff component by four additional positions with overtime allotments.

Discussion

Overview: The Emergency Operations Center (EOC) is the physical mechanism and edifice housing the city's most vital resource department. L.A. stakeholders passed Proposition Q, a \$600 million Citywide Public Safety Bond Measure, to renovate, expand and rebuild its public safety (Police-Fire-Paramedic) department which needed to be improved. Approximately \$107 million of that bond measure was earmarked specifically to acquire the location, design, and construct a new state-of-the-art Emergency Operation Center (EOC). However, the precursor to this effort originated with the Emergency Operations Organization (EOO).

The EOO was created by a city wide ordinance in 1980. Unique and visionary at that time, it was the first and only city governmental organization of its kind in the United States. Since then, the Los Angeles EOO has been the archetype of many such emergency and disaster management departments in cities throughout the world.

The EOC is the focal point for coordination of the City's emergency planning, training, response and its recovery efforts for the City. EOC processes follow the National All-Hazards approach to major disaster events such as fires, floods, earthquakes, acts of terrorism and large-scale geo-disasters in the City that require involvement by multiple City departments. Also co-located in this state-of-the-art, 84,000 square feet, two-story, seismically-base-isolated facility are a new Fire Dispatch Center, Fire Department Operations Center and the Police Department Real-Time Analysis and Critical Response (RACR) Division and Operations Center.

The City of Los Angeles has established the following as its EOO operational priorities:

- Save lives and protect property.
- Repair and restore essential systems and services.
- Provide a basis for direction and control of emergency operations.
- Provide for the protection, use and distribution of remaining resources.
- Provide for continuity of government.
- Coordinate operations with other jurisdictions' emergency service organizations.

In summary, The City's Emergency Management goals are; in times of crisis, to effectively bring every available resource to bear against any emergency crisis. Accomplishing this task requires synergy between inter-departmental and inter-agencies. To resolve complex operational, legal, legislative and administrative issues, the City of Los Angeles is committed to working with neighboring jurisdictions, the state and federal governments, community-based non-profit organizations, private industry, neighborhood councils to achieve the goal of a safer more secure city.

Budgetary Analysis: Among all of the essential departments in the city of Los Angeles, the most undeserved and woefully underfunded is the Emergency Management Department located at the Emergency Operations Center (EOC) in its secure off site structure over a mile away from city hall. Two of the most needed elements for this department to function properly are the ratio of personnel and the right amount of financial services, neither which is adequate at this time. The full complement of full time and part time personnel at the EOC is currently 22 staff members with only 5 full time staff. Other smaller municipalities with a similar department i.e. the city of San Francisco who's population is just over 865,000 residents covering a size in square mile density of 46.7 is 22. Los Angeles in size in square miles is 469 with just over 4 million residents living in the city. An established ratio for a city of L.A's size is 25 personnel per million residents.

This is the case in a city such as New York City - that is twice the size of L.A. with a population of 8,475,500. Using that model, Los Angeles would currently have less than 6 personal per million residents an alarming numerical disadvantage considering our city leadership is pursuing a population density movement toward a more urban Village environment citywide.

The full time staff only consists of one supervisor and four staff member not including the GM of the department, which of course, is a full time position. That five personnel unit makes up the Disaster Management Bureau.

There have been numerous requests to the city to have the ability to increase the full time staff component by four additional positions and overtime allotments but to date there has been not one request granted. The increase of its personnel is also essential for that department to perform critical outreach activities especially with the Neighborhood Councils and Resident Associations. It is my opinion that a relationship with those groups will add in the participation in the emergency management training this department provides thus showing the city the usefulness of increasing funding for that direction. From our discussions with the department general manager, outreach is a vital element of their services provided to the city. The more communities take advantage of their disaster training programs and are aware of the proper protocols the easier it will be for the EOC to administrate the recovery resources to the populace. Also, it is possible to look to an organization like the neighborhood council's for specialized funding and partnership endeavors.

At present the Emergency Management Department is preparing a budget package proposal to Mayor Garcetti's office which will be available to this committee at the end of December. However, their package will reflect not so much as a numerical valued request but an increase in personnel, marketing resources, IT and mobile infrastructure upgrade requests. Again, if the EMD is granted their budget requirements without undo restrictions it should be able to operate at its optimal performance in preparing the different public safety entities in safeguarding the city's population before, during and a major disaster event.

Budget Advocates Department of Emergency Management Committee Member:
Brandon Pender

Emergency Medical Services - Los Angeles Fire Department (LAFD-EMS)

LAFD Emergency Medical Services Billing and Receipts

Date: January 15, 2017

Budget Advocate: Jay Handal

Recommendations

- The LAFD should gather and publicize more data defining the populations served by the LAFD-EMS; focusing on medically indigent, self-paying, private insurance paying, Medi-Care covered and Medi-Cal covered people. They should use these data to devise humane and appropriate charges (policies) for each group.
- The City Council should resurrect, review and reconsider for approval the 2006 Council File (#06-3126) which speaks of adapting the (insurance-like) plan of the City of Burbank ... a \$ 48 per year per household fee to cover the costs of EMS services.
- The City review and take appropriate action with County, State and Federal authorities to clarify and rectify the legal, moral and financial responsibilities for the LAFD-EMS.
- The City should gather, define and approve policies to establish the direct and indirect costs (salaries, equipment cost & maintenance, administration and operating expenses) so that the City can charge and recover these expenses, when feasible and when appropriate.
- The City should diligently pursue the implementations of State Assembly Bill (AB678), which is an attempt to equalize (raise) Medi-Cal payments to match Medi-Care rates.

Background

Before there was an LAFD Emergency Medical Services (LAFD-EMS), ambulance personnel would give "First Aid" and take patients to the City's Receiving Hospitals. In the early 1970s, this "scoop and run" service was transformed as Paramedical services began to deliver specific and sophisticated medical care at the scene. They would clean wounds, stabilize fractures, give intravenous medications and perform Cardio-Pulmonary Resuscitation (CPR). Two levels of expertise produced two new sets of qualified and certified medical professionals; Paramedics and Emergency Medical Technicians (EMTs).

Now, the LAFD-EMS has a staff of over 1,000; about 300 of who are qualified Parameds. Most of the rest are Emergency Medical Technicians. They answer over 80% of the LAFD Dispatch's Incident/Response calls, annually. In FY2013, these calls resulted in dispatching over 350,000 ambulance trips and over 211,000 patient transports. In FY2014, these calls resulted in dispatching 430,630 ambulance trips and 216,702 patient transports using 41 Basic Life Support (BLS) and 93 Advanced Life Support (ALS) ambulances. All of these numbers continue to increase by about 5%, year after year.

The LAFD-EMS staff evaluates and stabilizes the patients at the scene. They work in close association

with Emergency Room Physicians in the local public and private hospitals; becoming extensions of those Emergency Rooms in the field.

The City of Los Angeles can take justifiable pride in the fact that the concepts and methods of the Paramedics started here and that our LAFD-EMS continues to be the best example and primary model for similar programs all across the country and the world.

Economics

The value of the LAFD-EMS to the health and safety of the people of the City is beyond measure. The LAFD-EMS is firmly established as part of the LAFD but, practically, the LAFD-EMS is an expensive, extra activity. It had a budget of \$ 169 million in FY2014-2015 and a budget of \$ 189,879,313 proposed for FY2015-2016.

However, Public Health services are supposed to be the financial responsibility of the State of California and are supposed to be delivered by County facilities. That is why we have five County Hospitals serving the City of Los Angeles.

These authorities are very complex, very political and very intransigent. Most of the funds for these Public Health services come from the Federal Government as it determines the rates it will pay for Medicare and Medi-Cal services. It is not certain how the Affordable Care Act ("Obamacare"), which will provide health care insurance to many more Californians, will affect the people of the City of Los Angeles.

The County of Los Angeles operates an emergency medical system but doesn't have its own ambulances. The County contracts with four private ambulance companies to serve seven County areas, all of which are outside the City of Los Angeles. Other cities including Burbank and Chicago bill patients who receive medical care. The City of San Francisco bills for medical care and for ambulance transports but it is a special case; the City of San Francisco and the County of San Francisco occupy the same land mass.

The LAFD is fully aware that it is "good medicine" to provide essential medical services first and then consider billing and receiving payment, later. Still, running the LAFD-EMS has real costs. The LAFD-EMS had a budget of \$ 169 million in FY2014-2015 and a proposed budget of \$ 189,879,313 for FY2015-2016. The LAFD-EMS provides over \$ 80 million worth of medical care but it only bills for its ambulance transports.

This document focuses on the costs and collections of the LAFD-EMS. The LAFD-EMS ambulance services were among the three largest sources of unreimbursed collectibles in the City. In FY2011-2012, the "new" Inspector General for Collections reported that 316,866 incident/responses and 192,737 ambulance transports produced billable charges of \$ 234 million but collections were only \$ 68 million; a \$ 166 million short-fall. Although the City's cost for each transport is over \$ 1,400, the City was paid

only \$ 352 for each transport. The LAFD-EMS experience emphasizes why it is so important to create an effective, Collections Systems under a permanent Inspector General for Collections.

The data in the chart, below, suggests that receipt of unbilled/unreimbursed specific medical services performed in association with our Ambulance incidents could add \$50 million to \$ 100 million to the General Fund, each year.

A Calculation Model for 2014 UNBILLED LAFD-EMS MEDICAL SERVICES								
(TRANSPORT TOTALS and TOTAL INCIDENT DATA taken from LAFD FIRE FACTS (February 2015))								
NON-TRANSPORTS 213,928 incidents		TRANSPORTS 216,702 incidents					TOTALS	
SERVICE LEVEL #1	SERVICE LEVEL #2	SERVICE LEVEL #3	SERVICE LEVEL #4	SERVICE LEVEL #5 (BLS1)	SERVICE LEVEL #6 (ALS1)	SERVICE LEVEL #7 (ALS2)		
BASIC EXAM, only, or Patient REFUSED care and/or Patient's needs were satisfied at the scene Patient RELEASED	BASIC EXAM, NO TREATMENT or SIMPLE CARE (e.g. clean & dress a wound, apply a splint, wait out a seizure or fainting spell, etc.) Patient RELEASED	GENERAL EXAM, Patient worried, Simple treatment. TRANSPORTED for further evaluation and management	GENERAL EXAM, with/without Treatment. No C-P-R. TRANSPORTED for further evaluation and management	GENERAL exam, usually with TREATMENT at the scene. TRANSPORTED for HOSPITAL ADMISSION	GENERAL EXAM, Treatment to stabilize with/without C-P-R. TRANSPORTED for HOSPITAL ADMISSION	ACLS-type EXAM for Life-threatening Trauma or illness, I.V. Fluids &/or meds, C-R support or C-P-R. URGENT TRANSPORT Code 3 (stren)		
1. ASSUMED or ESTIMATED "PER CENT of "GROUP"	10.0%	90.0%	20.0%	33.0%	20.0%	20.0%	7.0%	
2. NUMBER of INCIDENTS (above number x percent)	21,393	192,535	43,340	71,512	43,340	43,340	15,169	430,630
3. ASSUMED or ESTIMATED UNBILLED CHARGES/patient	\$50	\$100	\$75	\$200	\$300	\$500	\$800	Average Charges per Patient = \$197
Total Billable but UNBILLED	\$1,069,640	\$19,253,520	\$3,250,530	\$14,302,332	\$13,002,120	\$21,670,200	\$12,135,312	\$84,683,654

PLEASE SEE NEXT PAGE FOR RELATED DATA CHART

**ESTIMATION MODEL FOR LAFD-EMS COST-PAYMENT DEFICIENCIES
(data from FY2011-2013)**

	MEDI-CARE .	MEDI-CAL .	PRIVATE INSURANCE	DIRECT PATIENT SELF-PAY	"TRUE-COST" for AMBULANCE TRANSPORT SERVICES
"AVERAGE" AMOUNT for ONE AMBULANCETRANSPORT	\$460	\$120	\$1,212	\$1,212	\$1,212
NUMBER of AMBULANCE TRANSPORTS	59,517	37,314	30,375	65,531	192,737
TOTAL COST or CHARGES .	\$72,134,604	\$45,224,568	\$36,814,500	\$79,423,572	\$233,597,244
RECEIPTS ACTUALLY RECEIVED	\$24,514,331	\$4,859,423	\$31,501,654	\$6,824,592	\$67,700,000
"ACTUAL" DEFICIENCY (RECEIPTS minus CHARGES)	(\$47,620,273)	(\$40,365,145)	(\$5,312,846)	(\$72,598,980)	(\$165,897,244)
RECEIPTS per TRANSPORT	\$412	\$130	\$1,037	\$104	\$351
IF MEDI-CAL were RECEIVED using MEDI-CARE (\$ 460) RATES		\$17,164,440			
RECEIPTS ACTUALLY RECEIVED		\$4,859,423			
POTENTIAL INCREASE (AB678 "effect")		\$12,305,017			

**Budget Advocates Los Angeles Fire Department- Emergency Medical Services Committee member:
Jay Handal**

City Ethics Commission

Date: October 25, 2016

Budget Advocates: Liz Amsden, Brian Allen and Michael Menjivar

Ethics Commission: Heather Hale, Executive Director; and David Tristan, Deputy Executive Director

Recommendations

- Increase funding to achieve the Commission's goal of 40 full time staff employees, including auditors and investigators to strengthen and improve the timeliness of the Commission's enforcement practices, taking a more proactive stance than a reactive one.
- Increase funding for more investigative and enforcement work on ethics and lobbying issues, as well as campaign issues.
- Expand the Commission's training programs to educate City employees and vendors, as well as non-City employees (sub-contractors), and Neighborhood Councils and their stakeholders in order to prevent violations by clarifying parameters and when and what abuses will lead to enforcement.
- Maintain consistent funding at sufficient levels to reduce any incentives to break the law, especially if people are aware the commission's funds have been cut.
- Fund the Ethics Commission to implement applicable recommendations by the 2020 Commission.
- Fund development of an enhanced website.

Discussion

Overview: The Ethics Commission was created in 1990 to oversee governmental ethics, campaign financing, and lobbying in the City of LA as part of one of the most comprehensive packages of local governmental ethics in the US. Its goals are transparency, integrity, impartiality, and accountability. Other cities have emulated Los Angeles' approach to ethics, and software developed by the Commission has been sold to these entities. Following the malfeasance and conflicts of interest by elected officials in the 1980s that led to the formation of the Commission, enforcement was seen as key, but the current leadership is emphasizing education and outreach in order to reach compliance as more effective than prosecution. This is the second year the Commission has met with representatives of the Budget Advocates.

Like every other department, the Ethics Commission staffing suffered cutbacks during the City's economic downturn and, as a result, challenges to its ability to achieve all its legal mandates have arisen. For the past few years, their focus has been restricted to overt violations among City employees and the monitoring of campaign financing. Their mandate is to ensure that the City operates in the best interest of the public and that it is perceived by the public as such. This mandate includes informing stakeholders about lobbying activities to and in connection with City officials and employees and contractors, providing transparency about City and LAUSD elections (candidate fundraising including independent expenditures entities, spending, reporting, advice, audits, and enforcement), investigating potential violations and enforcing regulations, and ensuring the City's government is accountable to its citizens at all times.

- A major obligation of the Ethics Commission is education. In previous cut backs, they lost staffing for that section/division which should now be restored and enhanced to allow trainings for all

employees of the City government, their contractors, the Neighborhood Councils, lobbyists, and those considering running for City office. Of primary need for the Ethics Commission is to significantly expand in staff members. They are currently at 25, but need to be at 40. As a department, the Commission has one of the smallest budgets and fewest staff of any chartered department.

- Last year, the department made a request for increased funding to expand the training program. It was denied.
- Because campaigns for elective office are audited on a cyclical basis and there tends to be a public focus on elections, auditing and enforcement in this area tends to come at the expense of the other areas of the law that also require oversight. Limited staffing, especially in recent years, has limited the Commission's enforcement in the areas of governmental ethics and lobbying issues. Audits and enforcement cases in these areas can be more complicated than campaign finance and have often been delayed or not completed due to the limited staff and the funding needed to stand up to savvy corporate lawyers. Online ethics training has been making an impact on the former with the Commission now being contacted more frequently with questions from City officials and employees.
- The City would benefit by providing the additional funding necessary to institute investigations that might take more time to complete but would hold persons accountable and send a strong message to others that might choose to break such laws. Holding violators accountable is critical to prevent future violations, as City employees tend to 'step-down' to avoid taking responsibility and the violation becoming public information.
- These costs should be 'topped up' by City Council upon request during the year in order not to delay investigations – money saved in a swifter resolution with its preventative impact should more than cover any additional funding.
- The Commission's mandate is often seen as punishing those guilty of violations and generating revenue through the collection of fines. But, more than that, through the publicizing of the violations and resultant discipline, the Ethic Commission's role is to reduce violations by deterring potential offenders in in the first place as well as providing channels for and encouraging whistle-blowers to come forward
- Past policy allowing the guilty to step down thereby avoiding disciplinary action and embarrassment to the City, sidesteps transparency and the need to show justice being served and used as an example of who is violating the rules and how, in order to prevent future violations. The Commission can therefore be more proactive in preventing malfeasance. The Ethics Commission was recently allotted one additional investigative position, which should start in January, but they need more in the short term to accomplish this goal.
- It is important to understand that holding the many City departments to ethical standards is difficult without their having the skills and knowledge, and the training of Commission employees to regulate the thousands of employees is challenging. Additionally, the Commission's staff must be trained to understand the methodology of the many City departments, and this is time consuming. As a means of alleviating the burden, the Ethics Commission will be asking the Budget and Finance Committee to consider requiring the Los Angeles World Airports, the Department of Water and Power, and the Port of Los Angeles to each fund a position for the Ethics Commission specializing in those departments.
- There have been successes, especially in the area of campaign financing: elected officials now contact the Ethics Commission for advice on ethical issues. Elected officials and City employees are growing increasingly comfortable in calling the Commission, and in receiving training. Thus, violations are decreasing. Penalties have dropped dramatically, and elected officials are genuinely afraid of violations.

- About 6,000 employees who have decision-making power are currently required to take ethics training: candidates, treasurers, and lobbyists. However, current practice of giving a bye to individuals who are not required to file Form 700 with the California Fair Political Practices Commission (which provides necessary information to the public about an official's personal financial interests) means that subordinates, those best able to report on illicit activity, in many instances do not have the comprehension of what is unethical nor understand how to report it. This should be changed, and every City employee be required to take basic ethics training annually.
- The Ethics Commission is increasingly forward thinking. While even the requested 40 employees would likely be insufficient, the Commission is identifying ways to be more efficient. For example, they were the first department to create their own electronic filing system and now want to update their website to be.
- While the Ethics Commission does not have a direct role in homelessness, given the growing crisis, there is likely to be more funding related to the issue, which would increase the chances of misuse, which would then involve the Commission. As the problem grows, therefore, there is more potential for investigative work and whistleblower complaints.
- The Ethics Commission would appreciate the help of the Budget Advocates and Neighborhood Council system in spreading information on appropriate ethics standards and the tools available to all stakeholders.

Conclusion

- The Budget Advocates strongly support increasing funding for the Ethics Commission, particularly to fund investigators, auditors, and to expand the training programs and educator positions. Staff that can enforce ethical standards are critical.
- The Budget Advocates strongly recommend following the suggestions made in the 2020 Commission report, including long-term budgeting to stabilize financing the City, and the creation of an independent office of Transparency and Accountability.
- The Budget Advocates strongly support the necessary funding and technical support to update and expand the Ethics' Commission's website so the data is more relevant, more available and more understandable by the lay public.
- It is essential that the City maintains a guaranteed level of funding for the Ethics Commission, especially during poor economic times as that is when there is more incentive to break the law, especially if people know funding has been cut for the Ethic Commission.

Budget Advocates City Ethics Commission Committee Members:
Liz Amsden, Brian Allen, and Michael Menjivar

Fire Department and Emergency Services

Date: November 15, 2016

Budget Advocate: Jay Handal

Fire Department Administrative, Budget and Command Staff: Mark Davis; Chief Management Analyst, Deputy Chief Mathis; Administrative Operations and Deputy Chief Rodriguez; Budget Oversight Director

Discussion

- The LAFD in the last two years under the new Fire chief is attempting to launch an incremental plan to slowly bring back critical assets and resources that the fire department needs.
- The department with its limited resources is also struggling with the use of its more creative assets such as the vital and innovative 'Rapid' or 'Fast' Response Vehicles, Nurses Practitioner Unit, Sober Unit, etc.. These innovations will help lessen the use of vital personnel and engine and ambulance resources and leave them available to serve the citizens of the community more effectively.
- The LAFD is of course understaffed in all areas both sworn and support personnel. It's overburdened with accumulated overtime which is not only expensive but puts personnel at risk to health issues, poor work performance leading to unforeseen accidents and equipment damage.
- One real concern in the administration is the constant 'staffing problem' problem. Unlike the LAPD, where if someone is injured or calls in sick, they operate with less manpower. The fire department is mandated to try and keep a certain number of personnel per shift, per engine company, which leads to costly overtime because of a limited number of personnel.
- Until recently, the LAFD has not had any significant new hires in the last five (5) years. They are only now requesting the construction of new drill towers
- The law of unintended consequences has spread to the maintenance of fire fighting apparatuses and the function of fire vehicles. Because the LAFD has a limited civilian staff particularly in the motor pool service maintenance staff, trucks, ambulances, ladder-engines, etc. are often nonfunctional for weeks or months.
- The LAFD's budget and administrative management has had the occasion this past fiscal year to be able to 'repurpose' departmental savings from salaries, vacancies, etc. into updating or fixing some of the health and safety needs at some of the engine companies.
- One expenditure, in particular, was to urgently deal with issues such as black mold removal. Again, this dangerous situation not only could have resulted in the extended closure of a whole fire station but healthcare costs and litigation to the city. To the department's credit, this was all achieved through the use of the budget process.
- The LAFD would like to eventually bring back the engine companies they lost five (5) years ago due to budget cutbacks. However, the department been able to reinstate two (2) companies in the past couple of years and hopes to recover more (one per year) incrementally through a plan of budget recovery.

- Medical Billing for 'non-transport' (i.e. just rendering medical services to a caller with either Medicare/medical or private insurance) is still being semi-used or further explored from the last time we discussed the item with them a few years ago.
- The adapted budget for the current fiscal year (as of 11/15/16) the LAFD is working within is: \$633,000,000 and change. But to fund all of the departments for the upcoming fiscal year with all the departments obligatory or compulsory requirements for (UFLAC - United Firefighters of Los Angeles City contracts, CA state enhancements etc.) 2017-18, I am told, would raise it to about \$678,000,000. However, add to that new fleet vehicle purchases, upgrades, apparatus replacement, light force vehicles and communications equipment is another estimated \$43,000,000 leaving a grand total of \$721,000,000.
- LAFD Budget/Management currently estimates, starting this year, about one hundred (100) firefighters are expected to retire each year over the next three years.
- LAFD has three to five (3-5) Academy classes each year with 50+ fire fighters trainees going through. It is hoped the perhaps after a few years the department might get caught up to its rightfully intended strength. As was stated earlier, the average firefighter is working a great deal of overtime hours which can have a lot of unintended consequences affecting the department's budget.
- LAFD #9 is perhaps the busiest fire station in the city, possibly in the whole country. Since it located in the downtown area you'd think it would be more staffed up and with zero budget issues. With the current 'building boom' taking place in downtown particularly near L.A. LIVE and the Staples Center with a potential football stadium being planned LAFD will need more engine companies or even an additional station for that area.
- LAFD has a 'Professional Standards' division that has seemed to self-corrected its hazing and harassment issues stemming from seven or eight (7 or 8) years ago.
- A few ancillary issues such as mobile communications units (handy talkies) are eyed to be replaced but the department sees it as a long term replacement item which can be implemented over a few budget cycles department wide.
- LAFD has a budget request to upgrades all fire stations loading systems which is at its 20+ years in age. The whole system needs to be brought up to current standards. If not for safety sake alone.
- A Network Staffing Replacement System is needed.
- Bringing all the fire stations up to speed with IT, high-speed Internet access, the bandwidth needs to be higher to help with their online training, etc.
- LAFD needs more fire psychologists. It currently has only one to service over 3000 members. Compare that to LAPD which has over 12 psychologists. This is essential for the behavioral wellness of the firefighters.
- Incrementally, the LAFD want to return to the firefighters force it had seven (7) years ago with the reinstatement of the eleven (11) stations that were closed.
- LAFD's current budget expectations are to solve their problems slowly step-step through an extended budget process. Not by any direct benevolence from the mayor or city hall.

Budget Advocates Fire Department Committee member:

Jay Handal

Housing & Community Investment Department (HCIDLA)

Date: October 26, 2016

Budget Advocates: Barbara Ringuette, Rick Ramirez, and Connie Acosta

Department Personnel: Laura Guglielmo, Executive Officer; Luz Santiago, Assistant General Manager, Administration; Helmi Hisserich, Assistant General Manager, Housing Development; Rosa Benavides, Budget Manager; and Curtis Watts, Director, Program Operations

Recommendations for HCIDLA in collaboration with the Departments of City Planning, Building & Safety, CAO, Transportation, City Attorney and the Mayor's Office

- Develop a permanent source of funding for affordable housing- a Linkage Fee requiring developers who create a demand for affordable housing to provide funding toward affordable housing
- Expand innovative solutions to house the homeless such as tiny homes, tiny apartments, converted shipping containers, and shelters for mobile units within a larger structure such as a warehouse.
- Assure effective enforcement and add progressive fines for code violations prohibiting use of RSO units for short term rentals (Airbnb, etc.) in order to retain units of affordable housing.
- Assess loss of parking - detriments to neighborhoods brought on by reduced parking requirements and substitution of bicycle parking spaces in multi-unit housing projects and revise codes to protect neighborhoods.
 - Replace existing codes re reduced parking requirements with mandatory **incentives** to use public transportation such as free bus passes, shuttle service to Metro stations, zip cars, subsidized shared parking facilities, etc.
 - Anticipate pushback from neighborhoods on projects where reduced parking is considered; require incentives as above in plans for affordable housing.
- Assure **HCIDLA rulings are enforceable**; make the consequences so strident that developers respect and follow departmental rulings; when structures are demolished in defiance of specific departmental orders such as at 1332-1334 N. Formosa, invoke the “scorched earth” law where development is prohibited for a minimum of 5 years.

Recommendations for HCIDLA

- Enforce existing codes covering **quality of life issues** – parking on the lawn, paving the front yard, open storage, over height fence, etc. Enforcement will result in fines to pay for inspectors.
- Assure staffing and resources are sufficient to effectively address all housing units that are at risk of being lost as **RSO's** (rent stabilized units); renew contracts for another 55 years of monitoring and retain units as RSO affordable housing. Advocate with the State for further protection of RSO housing and to prevent displacements under the state's Ellis Act provision.
- Increase staffing in the bond program to **handle Measure HHH bonds** as well as the increased load of cap and trade bonds.
- Renew Funding for programs serving victims of **Domestic Violence**.

Discussion

(1) **Housing in Los Angeles** – There’s a mismatch in L.A. between what housing costs and what people earn. L.A. is the number one rent burdened city in the country. People are paying a very large share of their income for housing, some more than 50% of their income for shelter. LA has a huge population of the working poor who don’t make enough to live here.

(2) **Revenue Outlook for Affordable Housing** – Each affordable housing project requires a number of separate revenue sources. The following revenue sources were discussed:

- **AHSC Grant** - Recently Mayor Garcetti announced a \$64.6 million grant from the state’s Affordable Housing Sustainable Communities (AHSC) Program – cap and trade program offset. Polluters pay into a fund that pays for affordable housing linked to transportation. The City together with a group of developers applied for \$75 million and was awarded \$64 in a competitive application to the state. While total funds are declining the City will continue to apply for these really valuable funds. Getting people out of their cars, reducing miles traveled, is the single biggest way to decrease carbon emissions. The concept is that lower income families tend to eliminate cars if they are near transit. Multiple City Departments collaborated in the application - DOT, Planning, Metro and Street Services.
- **Linkage Fee**– One of the most significant things we can do for affordable housing would be to create a linkage fee, a local permanent revenue stream for affordable housing. L.A. has never had a permanent source of funding for affordable housing as other California cities have had. The developer of a stadium, for example, will employ people at minimum wage and create a demand for affordable housing, so the developer should provide a resource for that housing which otherwise would fall to the public to fill the gap. The HCID policy team is working with the Planning Dept. on policy for the fee, looking at types of development and what their relative contribution is to the demand for affordable housing. The linkage fee would contribute \$30 million or less depending on the amount of development. This fee has the potential of growing through time.
- **Affordable Housing Trust Fund (AHTF)** – This City trust fund is primarily federal funds from the National Housing Trust Fund (NHTF) known as HOME funds and is used to leverage funds from other sources. Currently the City fund stands at \$40 million following steep declines in federal funding over the last several years. The goal is to have an AHTF of \$100 million. During these steep declines Community Redevelopment Agency (CRA) funds also disappeared. The challenge is to develop ongoing sources of funds other than federal HOME funds which are always in jeopardy. That’s why having the linkage fee is so important. Measure HHH bonds technically will not go into the trust fund but will be used in the same way except Measure HHH funds will be specifically for homeless housing.
- **Passage of Bond Measure HHH** – The \$1 Billion bond measure was approved by voters. It will amount to \$100 million over 10 years, a one-time huge injection of funding for supportive housing which has the potential of a tremendous impact on housing for the homeless. The Department is working with City Planning to develop implementation plans.
- **Tax Credits** – US Dept. of Treasury gives tax credits to the state which then go to the counties. Four years ago the state began allocating tax credits directly to the City as well as to the County based on a formula, making a more predictable system.

- Community Development Block Grant (CDBG) – These federal funds go toward a lot of program areas and are used throughout the city – Aging, Recreation & Parks, Economic Development, and HCIDLA. In the 2014-2015 budget year HCIDLA alone was fully funded at \$10 Million, however, in subsequent years the federal government cut the grant over a million dollars a year. Last year the CDBG was \$11 million for the entire city. The City makes the decision about how CDBG funds are divided. Administrative services are limited to only 20% of the grant.
- State Block Grant Funds (SCSBG) – The City also receives state block grants, a portion of which is allocated to HCID. HCID works closely with the State Housing agency.
- Leveraged In Kind Resources - The Department tries to leverage in kind resources for Family Resource Centers such as child safety seats, literacy services, financial services, etc.
- Affordable Housing Pipeline – There is a two year pipeline for gap funding. The passage of Measure HHH should considerably speed up the pipeline. HCID is proposing an accelerated pipeline for permanent supportive housing for homeless coming out of the Coordinated Entry System. Housing will be 100% affordable for the most part, other projects with at least 50% for homeless and 50% for low income. All affordable housing takes advantage of density bonus.
- Staffing – Affordable housing can be financed by issuing bonds, named conduit bonds. Measure HHH will dramatically increase the number of projects going to the bond program requiring additional staff to place the bonds. Also, additional staff is needed to clean up an existing backlog.
For every new project put into place HCID will have 55 years of monitoring to do, to income certify everyone going into the units and to constantly monitor they are income qualified. Currently HCID monitors 43,000 covenants in the city. This portfolio is one of the top two largest portfolios of affordable housing monitoring in the U.S. In October HCID’s budget request for four additional staff to monitor work with the affordable housing component of density bonus projects was approved. Once the city ordinance goes into effect, monitoring staff will be hired.

(3) **Additional Government Resources - Vouchers**

- Vouchers - The Housing Authority, not HCID, provides rent vouchers, rent subsidies. Vouchers are primarily targeted at the homeless. If rent is \$800 the poorest will pay 30% and vouchers pay the difference. The demand for affordable housing far outstrips the supply for which reason the Housing Authority is always pushing for more vouchers from the Federal government.
- Vouchers for County Health Patients - The County Department of Public Health has instituted the Flexible Housing Subsidy pool to expedite housing for people who would otherwise be homeless and have been living in the hospital. It is cheaper to house the homeless using a \$1000 per month rent subsidy than paying \$1000 a day in the hospital. These patients have a major illness such as diabetes; they are matched to health care services nearby their housing. HCID coordinates with the Dept. of Public Health on the use of these vouchers. Millions of dollars are put into this Program. The constraint is that only those currently in the County health system are eligible.

(4) HCIDLA Programs

Preservation of Affordable Housing - There are two types of housing with covenants. The first is known as "Big P" where the covenant's affordable restriction expires in the next 5 years. L.A. has about 13,000 expiring and about to become market-rate units. A lot of these were CRA properties. A two person preservation unit is proactively working with the owner to extend the life of affordability – this is a hard negotiation in a neighborhood that is gentrifying. HCID offers assistance with rehabilitating and refinancing the building of affordable units.

The second program is known as "Little P" - even though affordable housing covenants are 55 years long, after 20 years an affordable housing developer can refi, known as recapitalization. Because it now is 20 years since a tax credit program began in 1986, a lot of refis are coming in; these units are not at risk of converting to market rate – however, HCID will extend the term of the covenant another 55 years. This is a financial transaction, not something anyone sees. Right now 40 properties are in this program.

City lawsuit re ADA access to affordable housing - To settle the ADA suit, the City needs to allocate \$20 mil a year to retrofit a percentage of homes in conjunction with the court settlement. This will require 30-35 new staff to implement. This is a huge responsibility with a very tight time frame. HCID is working on the plan.

Homelessness - HCID contracts with Los Angeles Homeless Services Authority (LAHSA) to provide services to the homeless and ultimately to place them in housing. The city & county determine what services LAHSA will offer.

A very significant change finds the City and the County collaborating around the Coordinated Entry System (CES) started by United Way. LAHSA uses CES to link the homeless with the appropriate housing for each of them – (1) rapid rehousing with a short term subsidy for those who have the ability to be housed or (2) services enriched housing for those with serious mental illness, substance abuse and other issues. These services are provided across the entire county. If done right this major structural change will put L.A. at the cutting edge of housing with the federal departments - HUD and Health & Human Services.

HCID is concerned that there should be a sustainable source of funding for LAHSA and clear, realistic expectations in order for LAHSA to be successful.

Impact of Short Term Rentals on Housing Stock - Zoned for residential, not a hotel; short term rentals exacerbate the rental housing crisis. HCID is concerned about how units get vacated. Unfortunately when HCID tells property owners they are in violation of the zoning they stop and then start up a week later. Santa Monica enforces stricter standards than the City of Los Angeles is proposing.

Family Resource Centers (FRCs) - HCID's biggest budget challenge this year is to support FRC programs to prevent major gaps in the valuable services these centers provide. The challenge is to fill the funding gaps that result from cuts in grant funding. FRCs are one-stop shops where people in the community can get services from non-profit contractors. The Centers eliminate barriers so families get the services

they need. 13 of the 16 Centers house LAUSD staff. Designed for 50-50 funding with LAUSD, \$1 million comes from the City General Fund with most of the \$800,000 cost per center coming from grants. These services keep at-risk children in school, deal with issues of discipline, growing graduation rates, etc. FRCs are working with the County to provide mental health services on-site. Services such as income tax preparation, applying for earned income tax credits are provided, which funds are spent in the community. Cal State Northridge employs metrics to demonstrate FRCs are an investment in the community with a very positive economic benefit.

Domestic Violence Programs – Last year \$1.2 million was budgeted from City General Funds. HCID is again requesting funding programs addressing domestic violence. Until recent years the federal government funded this program.

Code Enforcement & Compliance – The Department is considering a change to more strategic code enforcement – HCID would inspect problem licenses more frequently; those who have been doing great would be inspected less frequently. The complaint section would remain, and that landlord would lose the privilege of a longer time frame between inspections. This is a better way to use Departmental resources.

Enforcement of Quality of Life Issues – Neighbors are asking why issues such as parking on the lawn, paving the front yard, open storage, and over height fences are not being addressed. There is a sense our neighborhoods are being downgraded. If there is no citation, there will be no compliance. Fines could cover the additional inspectors needed.

City Attorney – The Department pays directly for six City Attorney staff yet needs additional legal capacity in housing production, affordable housing development. Also City Attorneys work on proofing contracts and rental compliance.

Summary

HCID wants community support. HCID works with development partners, striving to build the highest quality, attractive units; to use local architects who do an excellent job of fitting affordable housing into the community; and to design energy efficient homes. These units do not detract from neighborhoods, rather they actually add to neighborhoods.

Last year the Department made a lot of progress in collaboration with City Planning and Building & Safety as driven by the Mayor's office. Going forward, having support from Neighborhood Councils would be really valuable to HCID's efforts at expanding affordable housing.

Budget Advocates Department of Housing and Community Investment Committee members:

Barbara Ringuette, Rick Ramirez, and Connie Acosta

Information Technology Agency

Date: November 15, 2016

Budget Advocates: Brigette Kidd, Brian Allen, and Krisna Velasco

Department Personnel: Ted Ross, General Manager

Recommendations

- Mainframe/technology/cyber safety - Migration of the mainframe. Old technology to new efficient methods which lead to more transparency, while protecting data of minors, vehicle management systems and critically asset protection with a second layer around utilities, sewage and water. Cost unknown.
- Purchasing Management System - Continue with updating the current Purchasing Management System. 3-5 million is spent on commodities and it now takes 465 days from the RFB/RFP bid process to becoming a vendor with the city. Back end is complete need to finish front end. Cost 2,000,000+.
- Human Resources/Retirees/New Specialized Employees
 - Develop a plan with other departments on the staffing needs of the 2017-19 open positions.
 - Work with private companies, Microsoft, Oracle and others to add value to the current Civil Service exam to hire the best qualified to manage new and bridge the gap with old IT technologies.
 - Create an online exam portal for the Civil Service exam where potential candidates can test at the time or outreach. This removes the problem of having qualified applicants take on new jobs while waiting to take the exam a year later. Applicants passing the exam would be placed on a waitlist and updated on the status of positions, trainings and city updates. Online portal/process. Cost \$150,000.
 - Create videos that make IT digital appealing and increase prospect interests in city careers.
 - Recruit at college/universities/specialized schools.

Discussion

Overview: Information Technology Agency (ITA) runs enterprise technology across various departments. These departments include telephones, data centers, payroll systems, purchasing systems, lacity.org, emergency vehicle radio systems, helicopter avionics etc. There are over 41 departments with more than 480 employees. The budget for the City and information technology is increasing due to outdated system capabilities, i.e. cybersecurity, cloud services, and IT contracts. The City operates under a decentralized system where each department is responsible for its own IT innovation projects/needs. This causes difficulty coordinating projects that aim to achieve the same goal, but are disconnected (hidden by lack of sharing), and result in overlap and bottleneck processes. ITA attends other departments meetings to try and connect the dots. The goal is transparency and empowering individual departments to help city residents engage and benefit from user friendly systems. Some of the changes that have helped are the Lacity.org website and the new Controller's dashboard that gives residents the ability to track city owned property and more.

Issues: Barriers to Exemplary Service?

- Mainframe systems and technology Infrastructure that is antiquated and lack security protocols for updated software systems that would provide better user ability for residents.
- Purchasing Management System that needs to reduce time from 465 days to 60.
- Human Resources Management System for hiring replacement staff for retirees

2015-16 Prior Year Recommendations/Outcomes

1. Fully fund existing budget shortfalls. This includes contracts for maintaining the City's 41,000 PCs, web hosting services, and IT salaries, cost: \$992,000. Fund deferred maintenance projects for critical IT infrastructure. Such projects include shifting to cloud infrastructure for failing servers, replacing the TACPAC radio system (useful in emergencies), and replacing our Storage Area Network (SAN). Cost: 5.3 million Continued Mainframe Update/Enhancements. According to Ted Ross, ITA currently has 25-35 people (10 positions funding since 2015) working on maintaining the mainframe. An investment in migrating away from the mainframe would mitigate this threat. Some cloud infrastructure elements have been adopted, but due to security of certain departments, i.e. police vehicle listings used in undercover operations and other protected data collection, full integration is not expected at this time. Website content has been updated for some departments. IT salaries and new hire budgets are in place, vendor and service contracts are still outstanding. This is a continued recommendation for 2016-17.

2. Fund the Purchasing Management System – city wide. Funding the system and pushing up the launch date will yield benefits sooner rather than later. Cost: unknown. The back end of the Purchasing Management System has been completed and will be in use in 2017. Once a vendor is in the system it is easier to track status of work, pay invoices etc., however the front end of the system for submitting bids is still a manual process. This is a continued recommendation for 2016-17.

3. Fund the research and planning needed to create and implement a citywide Human Resource Management system. Over 50% of city budget is dedicated to our personnel. Cost: \$400,000 Lack of a standard Human Resource Management Department is still an issue with hiring new staff to replace retiring employees. ITA suggests the following to help with replacing existing IT staff; interns were approved in 2015-16.

Conclusion

Overall, the tone of the ITA department is a positive one. The energy of Ted Ross welcomes challenges of an inadequate system. The department is motivated and wants to work with other departments to develop a holistic strategy for IT projects and transparency. He did state that it would take more than his department to move the needle of ITA and a uniform approach towards residents. He knows that there needs to be more portals that allow users to input information for the necessary feedback to improve

systems. As of now it is a push only system with residents being given only what they need and not in a very useful way.

Our recommendation is to fund the continued items from 2015-16. The costs are high now, but in the long run the city will have a better information technology system which will improve customer service.

Budget Advocates Department of Information Technology Agency Committee members:
Brigette Kidd, Brian Allen, and Krisna Velasco

Office of the Inspector General

Date: November 22, 2016

Budget Advocates: Barbara Ringuette and Danielle Sandoval

Office Personnel: Melissa Krance

Recommendations – Revenue

- Protect General Funds by limiting initiatives dedicating money to a special purpose in order to assure flexibility to meet emergency and high priority needs.
- Implement a mini fee review study for Departments each year and a complete study each two years to ensure fees cover the entire cost of providing services.
- Bring to finality reimbursement for expenses related to the Northridge earthquake before those with knowledge of the facts retire.
- Assure that enforcement of any Short Term Rental Ordinance will not be cost prohibitive, that is, the number of days for which the City receives tax revenue is sufficient to cover the entire costs of the program. Study to assess whether allowing Short Term Rentals is worth this revenue, specifically - (1) impacts of short term rentals on the quality of life of residents in the several communities most compromised, (2) the multiple consequences of supporting an underground economy where providers of services in short term rentals do not pay into Social Security, Medicare, Unemployment, State Disability, Workman's Compensation, etc., and (3) the cost to government & taxpayers of replacing illegally converted rent stabilized units and other affordable housing removed from the City's housing stock.
- Reconsider a franchise fee bringing Uber, Lyft, and similar services in line with taxicab fees.
- Revise accounting methods for reimbursement of overhead expense to reflect that some positions are vacant or filled on a temporary basis.

Additional Recommendations

- Develop plans to assure funds available under Measure HHH are managed efficiently to maximize the number of units that will be built.
- Request greater transparency on the amounts in Council District discretionary accounts as well as expenditures from these accounts.
- Confirm Departmental plans to assure trained staff can replace projected mass retirements.
- Request the Department of Finance spearhead the process to update technology facilitating interdepartmental communication and to submit a budget request.

Discussion

The Inspector General Melissa Krance reports on the state of the General Fund Budget and on the activities the Departments are supposed to accomplish, the spending and revenues according to each

Department's plan, as well as the issues or threats to the current budget. Each Department has a revenue budget of fees and fines that are deposited into special funds.

The City wants full cost recovery for services provided, however, there are some decisions by the Mayor and City Council to subsidize costs e.g. children's art classes.

IG staff makes sure each city department does its own fee analysis. Some Departments, however, have not revised fees in a year or more, and have now been instructed to study fee schedules.

Identifying new revenue - This is tricky. By law the City cannot charge more than the service the payee is getting.

General Funds - How to spend General Funds is at the discretion of the Mayor and City Council. It is the goal of the CAO to not set aside funds for a special purpose. The City Council may propose initiatives to dedicate money to a special purpose, e.g. the initiative to use hotel taxes remitted by Airbnb be dedicated to homelessness. Aside from the messaging this would send, if ever there were a budget crunch, these funds would not be available for other priorities.

Rather than creating a multi-year budget to address homelessness, the Inspector General (IG) sees nothing wrong with every year allocating funds from the General Fund.

Franchise fee money from taxicabs, towing business, cable companies, and trash companies goes into the General Fund. Natural gas pipeline fees of approximately \$14.6 million & petrol pipelines fees total approximately \$4 million; approximately \$2 million of the \$4 million goes to the General Fund and the other \$2 million to Council District Real Property Trust Funds. There is a proposal that trash company fees go to the Department of Transportation.

Budget Advocates believe that Uber, Lyft and similar services should pay fees in line with taxicabs.

The IG and Revenue - The IG looks at revenue, revenue projection, tax receipts, and departmental receipts. Where revenue is not in line with projections or accounting methods need to be adjusted she prepares reports and makes recommendations, i.e. she calls them out. The IG is charged with protecting the General Fund, to improve the accuracy of revenue projections and maximize what services come from the General Fund.

The IG section continues to work on recovering funds from the state and federal government related to the 1994 Northridge earthquake. Immediate costs, employee expense, were reimbursed right away. However, project costs to reimburse DWP, Public Works trust fund, special funds, sanitation, and Rec & Parks, costs to repair/replace what broke, are yet to be recovered. A lot of the delay was in the state office as well as with the City. It's a very labor intensive process and gets sidelined when dealing with immediate emergencies such as wildfires. To assure recovery of these expenses, it is important that this work be completed especially because some of the state and local staffers with institutional memory regarding this matter will soon retire.

Request for Reimbursement of LAPD expense – LAPD informed Budget Advocates of the major expense in overtime pay during demonstrations protesting Donald Trump. It is the IG section that would initiate such a request. Ms. Krance agreed to look into this and one of the Budget Advocates researched the matter as well. Unfortunately no legal precedent was found for requesting federal reimbursement.

New Revenue – A vote of the people is required to implement new revenue. General Fund tax measures require 50% to pass; these measures give the City more flexibility to move unspent funds. 6 or 8 years ago housing measure HH did not pass.

On November 7th 2016 special fund measures A, M, and HHH all passed by the required 2/3 vote. A challenge and a consideration for the City is that people will become adverse to additional taxes.

Proposed New Revenue Sources:

- Development Linkage Fee - The Planning Department sent a proposal to City Council in May to request staff to study a possible Development Impact Fee tied to capital improvement programs. The proposed fees would be based on cumulative impacts of pending and recently approved projects in an area, and how much a project should pay, how the costs should be shared for thoroughfare improvements – bridges, medians, public right of way, etc.
- Recreational Marijuana Fee – Last year the City collected \$10 million in medical marijuana fees which fund enforcement of medical marijuana codes. Any new tax would have to go to the voters. Federal law continues to make marijuana sales illegal and thus cash based out of concern for breaking money laundering laws. The city needs a permitting process. Council President Wesson has convened a committee to develop a plan.
- Communication Users Tax – a fee to fund citywide broadband seems to not have traction at this time, mostly out of concern for tax fatigue.

Airbnb Revenue - Beginning in September Airbnb remitted \$5.8 over two months, the amount previously budgeted for the entire year as it had not been known when the agreement would be signed. The Finance Dept. is collecting the funds even while policy is not yet in place. The City can bow out of the agreement and renegotiate it. The City needs to assure that enforcement is not cost prohibitive, that the number of days for which they receive tax revenue is sufficient to cover the entire costs of the program.

Budget Advocates further recommend a study to assess (1) impacts of short term rentals on the quality of life of residents in communities most impacted (2) the multiple consequences of supporting an underground economy where providers of services do not pay into Social Security, Medicare, Unemployment, State Disability, Workman's Compensation, etc., and (3) illegally converting rent stabilized units and removing other affordable housing from the City's housing stock.

Discretionary funds, pet projects - Council Districts receive franchise fee revenue e.g. approximately \$2 million in petroleum benefits, a portion of surplus property, street furniture sales, and AB1290 Property tax money. The authority to spend discretionary funds requires an appropriation which the Council

Member may request at the beginning of the year to place in a discretionary account or may give to a 501(c)3 non-profit. The full Council votes on the council office appropriation and the Mayor approves it.

Homeless Initiative - Big savings can be found in the big projects. There is a large opportunity with Measure HHH funds to make sure the money is spent efficiently. Bonds should be issued as you need to spend the funds in order to save interest charges. Interest rates are lower on funds spent for the public good, whereas if funds benefit a private developer the interest rate is higher. The \$1.2 billion approved by the voters under Measure HHH could grow to \$1.9 with debt service. \$1.2 billion is for 10,000 units, however, the goal is 13,000 units provided the funds are spent efficiently.

Management of Measure HHH funds could fall under one of several groups - the Municipal Facilities Group, overseeing construction projects; Assets Management Group, responsible for surplus properties; Grants Group out of the CAO office; or Debt Group, experts at bond issuance. There will be two Citizens Oversight Committees concerned with transparency and accountability and an Administrative Oversight Committee staffed by the CAO, CLA & the Mayor's office. A spending plan will be developed and will be available for public comment in the CAO's office. Several city departments will be involved –including Housing & Community Investment (HCIDLA), Planning, and Building & Safety.

Performance Metrics - useful when oriented to outcomes, they are less so when oriented to efficiency. It's really hard for government to do metrics as some things like arrests could be counter-intuitive. Metrics are more useful in line departments, those providing services such as the number of plan checks an individual completes. Metrics give an idea of what a department does from year to year. However, they are less useful in guiding priorities.

Score Card Analysis - begun by Fernando Campos, the IG assesses each department's revenue collection, its efficiency, done according to guidelines, and transparency. Some scores went down requiring meetings with departments.

Staffing - Many city employees including many in the IG section are ready to retire. The Mayor appointed 15 people to a two-year Revenue Commission who will identify revenue enhancements in order to hire additional staff. The IG will request an additional item to work with the Commission.

Budget Related Matters:

- Technology - Each department has its own technology systems resulting in an inability for Departments to talk to one another. The IG advises that the Department of Finance spearhead the process and put in a budget request to move forward with technology that will permit interdepartmental communication.
- Lawsuits - Settlements have been large on the ADA case re sidewalks, overbilling by DWP and the effects of lawsuits, chiefly LAPD suits. While DWP has held back the overcharges DWP nonetheless has been remitting the Electricity Users Tax (EUT) to the General Fund. The City has not adequately set aside funds to cover these settlements.
- Financial Stats Report - in an effort to accurately predict revenues the IG prepares a quarterly report. Sales Tax Revenue will be lower than predicted mainly because gas tax revenue has dropped.

Property Tax revenue has come in on budget, however, it came in early and departmental receipts were lower both in last quarter and in this quarter.

- Estimated revenue for state or federal reimbursement purposes has assumed full employment. However, when a position is vacant or filled as needed, the City cannot charge for related costs like overhead. The IG can change this procedure to allow for increased revenue from reimbursements.
- Estimated expense - the Controller's office has gotten really good at estimating all expenses resulting in the city's cost application plan (CAP) rate getting higher. The federal government audits the city and reimburses city costs in the CAP.

Conclusion

Projecting city revenue for the City is a large task, essential to balancing a budget for a city especially one as large and complex as Los Angeles. Identifying new revenue sources is both a lengthy exercise and cumbersome too, that must at some point be more than a financial matter, but also involve difficult policy decisions that actually shape the fabric of the City.

Budget Advocates Inspector General Committee Members:
Barbara Ringuette and Danielle Sandoval

Los Angeles Public Library

Date: November 16, 2016

Budget Advocates: Valaida Gory and Howard Katchen

Department Personnel: John Szabo, City Librarian; Kristina Morita, Assistant General Manager; Madeleine Rackley, Business Manager; and Monique Atkinson, Principal Accountant

Recommendations

- Enhance and expand online services: education and research materials, self-study courses, and lectures from proprietary or public domain.
- Develop a comprehensive Personnel Plan that details retirements and replacements.
- Increase services for seniors.
- Increase the number of branches or distribution channels in underserved areas.
- Provide more mobile libraries with technology services.
- Increase after school programs.
- Offer resources introducing students to non-academic programs, vocational training, and professions.

Discussion

The mission of the Library is to provide free access to information, ideas, books and technology that enrich, educate and empower individuals in the city of Los Angeles.

Basic Services include Borrowers Services, Facilities Rental, Library Store, Literacy Projects, and Services for People with Disabilities.

Some Specific Library Services include:

- Programs for adults, young adults, children, and other groups.
- Resources to assist teachers, job seekers, immigrants and veterans.
- Services for life-long learning such as online courses, health resources, and money and financial literacy.
- Access to technology including computers, laptops, printers, software, Wi-Fi, and the Internet.

The 6 goals outlined in the Strategic Plan are to do the following:

1. Cultivate and inspire young readers
2. Nurture student success
3. Champion literacy and lifelong learning
4. Contribute to L.A.'s economic growth
5. Stimulate the imagination
6. Strengthen community connections and celebrate L.A.

The goals are all worthy of our support and of particular interest may be goals three and four.

Goal 3 (champion literacy and lifelong learning) includes activities to implement the following:

- Expand adult literacy offerings and adapt emerging online adult literacy tools to serve Los Angeles' multicultural, and multilingual communities.
- Encourage participation in civic life by providing services that help people establish citizenship, register to vote, and make informed voter choices.
- Contribute substantively to the overall health and wellness of communities by engaging in effective partnerships, providing health programs and information, and offering programs that address specific health disparities in the city's neighborhoods.
- Create a multilingual "Welcome to Los Angeles" web portal with information about the library, government services and social services of interest to new immigrants and those whose first language is not English.
- Develop offsite mobile delivery of innovative library services.

Goal 4 (Contribute to L.A.'s economic growth) includes activities to implement the following:

- Partner with workforce development organizations to offer and promote programs and services that enhance job seeking, language, computer and social media skills.
- Create a web portal for small businesses.
- Expand financial literacy offerings.
- Offer programs, resources, and connections to partner organizations that will help Angelenos develop and maintain viable companies.

The Revenue Source is primarily Measure L funding. This measure, which was approved by 63% of the voters in 2011, amended the City Charter by increasing Library funding from .0175% to .0300% of assessed value of all property. Property taxes have risen and the revenue stream for the Library is robust. The appropriation for 2016-17 is \$157,909,299; revenue from fines, fees and unspent prior year funding brings in an additional \$4,505,374 for a total of \$162,414,673. This total fully funds all library operations, and pursuant to the Charter, the monies appropriated to the Library cannot be used by any other city department. Ms. Morita stated the Library has a steady and stable revenue source. Moreover, if additional revenue were ever needed, fines and fees could be increased.

The information in this report was provided by Kristina Morita via telephone conversations, emails and the following supporting documents: Distribution of 2016-17 Total Costs of Programs, Library Proposed Budget for 2016-17 with a 5 Year Budget History, and the LA Public Library Strategic Plan for 2015-2020. These supporting documents can all be accessed online via www.lapl.org.

Past Year Successes-After drastic cuts implemented in 2009-10 through the City Hall's "full cost recovery" program, the passing of Measure L in 2011 allowed for an increase in staff and services that enabled the Central Library and its 8 Regional Branches to be open 7 days a week and restored services and hours for the remaining 64 city branches.

Homelessness- \$1,507,792 of the budget has been allotted to implemented objectives in Strategic Plan.

Technology Support has an allotment of \$17,980,691 to implement technology goals included in the Strategic Plan. (Who will head this project? Do they have the staff? There are a number of software providers.)

Future goals include hosting forums, partnering with social service organizations to provide services that are responsive to the unique needs of targeted audiences such as the Homeless and Veterans, expanding mobile applications, increasing circulation of e-media, and expanding the number of cardholders.

The Library is a self-sustained department that is able to generate adequate revenue to meet its needs. The staff is proud that they are solvent and project that they will continue to be self-sufficient in the future. The department has taken the advice of the City Council and established a "Rainy Day" fund to prepare for times of economic and revenue down turns. All Angelenos have an opportunity to access a vast collection of services, programs, and materials. One of the strongest assets of the Library continues to be the human interaction that is still available as a viable resource for our citizenry both young and old. It is our hope that the proposed goals, objectives, and activities they have adopted are not only met, but exceeded.

Budget Advocates Los Angeles Public Library Committee Members:
Valaida Gory and Howard Katchen

Department of Neighborhood Empowerment (DONE)

Date: October 26, 2016

Budget Advocates: Howard M. Katchen, Brian Allen, Simone Best, Glenn Baily, and Jon Liberman

Department Personnel: Gracye Liu, General Manager; and Armando Ruiz, Director of Administrative Services

Recommendations

- Restore DONE staff to at least the pre-budget deficit level whereby field staff will be devoted to work with a manageable number of between five to seven neighborhood councils.
- DONE needs to charge for staff time used in outreach, event and Liaison programs coordination services provided to other City Departments and Agencies wishing to engage with neighborhood councils and their stakeholders.
- DONE should provide more “how to” information in the department’s website “self Service” section for neighborhood councils reference.
- Provide DONE with necessary funding and resources for neighborhood council election outreach early in the election year cycle to ensure the Valley and all regions have full benefit
- Restore neighborhood councils’ annual budgets to \$50,000. Consideration should be given to apportion funds based on the number of stakeholders within a council’s boundaries.
- Allow neighborhood councils to carry forward an amount of any remaining fiscal year funds into the following fiscal year. Recommended rollover amount is up to \$10,000.
- Reinstate the ordinance allowing neighborhood councils to accept donations/contributions

Discussion

The Department of Neighborhood Empowerment (DONE) oversees and helps establish, support, train and develop neighborhood councils with the mission to promote more citizen participation in government and make government more responsive to local needs.

Issues: What are the barriers to providing exemplary service?

- DONE is tasked with overseeing and working with 96 neighborhood councils located in diverse communities throughout the City of Los Angeles. The number of neighborhood councils is anticipated to increase with the subdivision of some existing ones and the establishment of new ones in the current and coming fiscal year. In addition, DONE is now tasked with being a conduit to neighborhood councils for other city departments and agencies in creating neighborhood council liaisons, outreach programs through which to link requesting departments or agencies (e.g. animal services, DWP,) to neighborhood councils and their respective communities stakeholders. Although, in concept DONE’s role with other departments and agencies seems to be rationale, in practice, at current staffing levels it is burdensome and detracts staff and resources from its ability to fulfill its

core mission to meet the needs of the neighborhood council system. Field staff must be increased rather than management staff.

- Develop current and new technologies needed to enhance DONE internal operational efficiency and create better ways to communicate, monitor neighborhood councils and through them to community stakeholders. DONE's website "self service" section should be expanded to provide more information for neighborhood councils reference.
- DONE must provide more support and outreach to help neighborhood councils hold successful elections with greater stakeholder participation. Although, there have been questions raised about the process and use of online voting, it is strongly believed online voting is the way to garner greater stakeholder participation in elections.
- Neighborhood Councils (NC) vary in the number of stakeholders served within an NC's boundaries. Given the differences in size, consideration needs to be given to whether the same set annual budget is appropriate. Annual funds allocations should be apportioned to the number of stakeholders served since NC's goal is to outreach to stakeholders and it stands to reason NC's with a larger stakeholder base will require more funds than an NC with fewer stakeholders to meet the goal.

Conclusion

Without adequate DONE staffing levels the neighborhood councils won't have the full support they require to operate, flourish and be the grass roots voice of the diverse communities throughout the city. Improved and new technologies will help DONE better service neighborhood councils and reach stakeholders.

Budget Advocate Department of Neighborhood Empowerment Committee Members:

Howard M. Katchen, Chairperson, Brian Allen, Simone Best, Julie Berg, and Dannielle Sandoval

Fire & Police Pensions Department (LACERS and LAFPP)

Date: November 6, 2016

Budget Advocates: Carol Newman, William Morrison, and Brian Allen

Los Angeles Fire and Police Pensions (LAFPP): Ray Ciranna, General Manager; William S. Raggio, Executive Officer; and Joe Salazar, Assistant General Manager

Los Angeles City Employees' Retirement System (LACERS): Tom Moutes, General Manager; and Li Hsi, Assistant General Manager

Recommendations

- Los Angeles still needs to establish a Commission on Retirement Security (as recommended by the LA 2020 Commission to review its current retirement plans and to make recommendations for the future. For the current fiscal year the City is paying contributions in excess of \$1.1 billion toward the two retirement plans for its employees and retirees, representing almost 20% of the General fund budget.
- Increasing pension contributions are crowding out basic services, such as public safety, the repair of our infrastructure, affordable housing, and services to the homeless.
- The City should acknowledge the actual rate of return on its invested funds and come to grips with its unfunded pension liabilities. This is not, unfortunately, something that can be accomplished by the employees of the two City departments on their own, as their functions are primarily administrative (doing the best they can with the policies adopted by the City). Changes in policy should be considered by their Boards, the Mayor who appoints a majority of the Boards, and the City Council.
- The City should consider whether it can afford to keep offering defined benefit pension plans to its employees. Once again, this is not something that the employees of the two City departments on their own can change, as their functions are primarily administrative. Changes in policy should be considered by their Boards and the City.
- These departments should be given more flexibility in hiring the best people possible. They are trying to lower their costs while hiring the best investment professionals.
- The Boards for these departments should be comprised of persons with audit and institutional investment experience.

Overview: The two City pension and retirement medical plans, LACERS and LAFPP, are managed by two different City departments, each run by its own Board of Commissioners, a majority of which are appointed by the Mayor while the balance consists of active and retired employees. LAFPP manages the pension and retirement medical plan for fire, paramedic, and police employees and retirees, and LACERS manages the pension and retirement medical plan for most other City employees and retirees (excluding DWP).

The budget process for these departments differs from other City departments in that they submit their budgets to the City every year after their Boards have adopted them preliminarily in March, and finally in May for the next fiscal year. The Mayor and City Council do not approve their operating budgets.

While their operating budgets are included in the City's proposed and adopted budgets, this is generally for transparency and accounting purposes. The Boards provide the oversight for these departments.

The City provides funding to these departments solely in the form of the "City contribution." The "contribution" is for both the pension plan and medical benefits (OPEB = "other post-employment benefits"). Each of these components consists of two parts: the normal contribution and the unfunded liability. LACERS and LAFPP are in better shape with funding their OPEB benefits than many other jurisdictions, but they still have significant unfunded liabilities with respect to both the pension and OPEB benefits. The "City contribution" is determined by an actuarial calculation applied to the City payroll. The actuarial calculation uses a technique which the departments call "smoothing," which amortizes the gains or losses on the investment portfolio over seven years.

In addition to the "City contribution," the other major sources of funding for these departments are investment earnings and member contributions. Operating expenses for these departments are taken out of their sources of funding.

Over approximately the last 10 years, the "City contribution" (now, as stated above, about \$1.1 billion for the most recent fiscal year) has tripled, from 10% of the General fund to 20%. Contributions are expected to rise faster than revenues. This will depend in part on whether the City increases its payroll, but it will rise even without that. Per LACERS, about 700 City employees retire each year. Fears of much higher attrition are overblown.

The City's official position is that the expected rate of return on the pension funds is 7.5%. The actuarial calculations utilize that expectation. However, the pension funds have not actually been earning as much as 7.5% on their funds. The employees of the departments are trying their best. Nevertheless, the effect of this is that the unfunded liabilities are growing, and the City is not keeping up with its actual liabilities. Unfunded liabilities are in excess of \$10 billion based on the market value of the assets.

LACERS has two tiers of pension and medical benefits: Tier 1 and Tier 3. Tier 3 is a slightly less rich benefit than Tier 1. Some years ago LACERS attempted to control the future expansion of benefits by creating a materially less rich Tier 2. However, LACERS was forced to rescind Tier 2 when it was determined that LACERS had failed to meet and confer with the City unions in adopting Tier 2. Tier 3 was adopted after meeting and conferring with the City unions.

LAFPP has several tiers of pension and medical benefits. Tiers 2 and 5 were put in place during better economic times, while Tier 6 reduced the benefits.

Conclusion

City pension and retiree health benefits are a ticking time bomb. While these departments appear to be doing everything they can to make as much money as they can, the pension and health liabilities are

expected to continue to increase at a rate faster than revenues. The City policymakers need to face that reality and to figure out how to bring pension and retiree health liabilities under control.

Budget Advocates Pension Departments (LACERS and LAFPP) Committee Members:
Carol Newman, William Morrison, and Brian Allen

Personnel Department

Date: January 20, 2017

Budget Advocate: Jay Handal, Liz Amsden, and Joanne Yvanek-Garb

Department Personnel: Wendy Macy; Gregory Dion; Aram Kouyoumdjian; Gloria Sosa; William Weeks - Homelessness; Raul Lemus - Personnel; and John Dunlop - Personnel

Recommendations

- REINVEST IN TRAINING
- Get back to basics
- Succession, training
- Focus on employing more new technology to move toward anytime, anywhere testing using outside contractors
- Look at open-book, competency based, team work, vs. fact based, 11-1200 classifications
- Rename/update; aptitude testing
- Look at internships to stretch dollars
- Move to paperless files, electronic records, software, will need to invest in own system, mobile apps

Due to disproportionate cuts dating back to the 2008 economic crisis, the current budgetary request by 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 City should 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.

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 sector, so employees may evolve and grow as the City does.

Need to Reinvest in Training – Cornerstone on demand currently for mandatory trainings, could be expanded to homelessness and succession planning, need to fund = investment – base \$700K to expand to all departments additional \$600K or can roll out over 3 or 4 years = bad philosophy; need to get back to basics, up to speed, training critical, succession, training ; oversees medical – over 1/3 arrestees homeless, major psych/addiction, provide services, referrals, employee PT contracted, full timers all 3 jails \$2M, pilot program \$500K,

Project local hire, civil service needs, succession planning, working toward macro, overview, long term department needs, skill gaps, challenges, new mandates, tech issues (working with ITA), need acceleration of hiring, knowledge capture, need departments to have training done on site by departing people since don't have the structure option to train side-by-side; onboarding – help people feel part of the City from Day one, retention, hard to create the succession plans – long term based on changes, think strategically, how existing changes such as 'ban the box' affects, departments, concerns about police hiring (current climate, training, etc.).

Class size is down – ¼ of previous, 3% results; real figures 35-50, hired 499 last year, goal 600 this year, attrition/DROP. 5-6% make it into the Academy, hiring campaign focusing on service.

Technology is a big issue – moving to paperless files, electronic records, software, will need to invest in own system, mobile apps, tablet/remotely.

Did a road show on succession plans, also tech plans, Gene Holm ITA pushing, now requesting all departments submit an IT plan along with their budget.

Budget Advocates Personnel Department committee members:
Jay Handal, Liz Amsden, and Joanne Yvanek-Garb

City Planning

Date: October 19, 2016

Budget Advocates: Barbara Ringuette, Danielle Sandoval, Brian Allen, Rick Ramirez, Connie Acosta, and Tony Michaelis

Department Personnel: Deputy Director Lisa Weber, Project Planning Bureau & Case Processing & Development Services; Deputy Director Jan Zatorski, Administrative Bureau & Systems; and Kevin Keller, Policy & Long Range Planning

Recommendations - Community Plans

- Assure a robust process to develop new community plans.
- Assign policy staff to continuously update community plans.
- Develop micro plans to uphold the character of our multiple diverse neighborhoods.
- Add staff to rapidly multiply the numbers of Implementation Overlays to retain that which makes our neighborhoods unique.

Additional Recommendations

- Implement an Affordable Housing Linkage Fee.
- Create and put into place a strong Development Impact Fee.
- Expand staffing of the historic unit to (1) service new Historic Preservation Overlay Zones (HPOZs) and (2) work the backlog of applications for historic designation.
- Add a third unit for Condition Compliance (beverage) and add a second Associate Zoning Administrator to the Condition Compliance section.
- Assure any short term rental (STR) ordinance will have a strong and effective enforcement component.

Discussion

Revenue Sources – The Department tries to achieve full cost recovery on applicant driven material, and is doing a comprehensive fee study to adjust application fees. Fees are paid to three special funds – planning case processing fund, systems surcharge fund and long range surcharge fund which together cover 75% of the Department’s direct and related costs.

The City General Fund covers costs for long range city initiative work – mansionization control, hillside ordinance, community plans, etc.

The Department has developed ordinances to adopt two new fees approved by the City Council:

- (1) Quimby park fees will apply to all new residential dwelling units and joint live/work quarters, except affordable housing units and second dwelling units in single-family zones. The fee goes into effect in January 2017.
- (2) Affordable Housing Linkage Fee (AHLF) applies to new market rate development - construction over 10,000 square feet in a nonresidential building, multi-unit dwellings of 6 or more units, with exclusions for affordable housing, mixed-income projects, and limited construction of a single family home. The proposed \$5 per square foot commercial fee and \$1 per square foot residential fee will

be directed to the City's Affordable Housing Trust Fund (AHTF) and managed by the Housing and Community Investment Department (HCIDLA). Revenue will be used to fund the construction of new affordable housing or permanent supportive housing, or for the rehabilitation and preservation of existing affordable units. Linkage fees could lead to \$60-90 million a year and will generate a lot of options. Some revenue from the linkage fee will be directed toward homelessness. Los Angeles is the only city in the nation that does not have its own local source for permanent funding of affordable housing.

Development Impact Fee – The Department sent a proposal to City Council in May to request staff to study a possible Development Impact Fee tied to capital improvement programs. The proposed fees would be based on cumulative impacts of pending and recently approved projects in an area, and how much a project should pay, how the costs should be shared for thoroughfare improvements – bridges, medians, public right of way, etc.

Grants – Metro has provided grants for transportation planning, funding long range plans for development around Metro stops. There had been awards for special projects including a County grant for public health.

Advocacy – To make sure the City gets its fair share of funds the City Council and Mayor advocate for state and federal monies while the Department provides technical background – demographics, projections, housing units, density, jobs, walkability, etc. For example, planners provided data on recent grant applications to demonstrate that housing would be located close to transit

Historic Preservation – Funding for the Historic Preservation Overlay Zones (HPOZ) is heavily subsidized by the General Fund. Five new districts are being adopted and additional staff is needed even while the process will be streamlined. New York City has a similar size program with 40 staff; LA has 10 staff resulting in substantial backlogs.

Workload – The Department's workload is based on (1) the number of land use applications filed and (2) long range planning including the numbers of community plans to be updated. There can be unanticipated expenses requiring requests for additional resources mid-year.

Staffing – In the last budget cycle the Department had a sizable budget ask to facilitate the geographical restructuring of case processing. New applications are at the highest in 10 years. The Department has 418 employees and still is filling 100 vacancies. The Department will continue to look at procedures to make sure they are streamlining where appropriate.

Restructuring City Planning – It took a year and a half to accomplish reorganizing staff and rethinking how cases (land use applications) move through the Department. The result is a one project, one planner model within three geographic project planning divisions – (1) Valley, (2) Central including Wilshire, Hollywood, DTLA, Eagle Rock, Boyle Heights, etc. and (3) West/South. Each team is led by a Principal City Planner and one or two Senior City Planners. The Department is currently hiring staff for these units. A training unit will ensure horizontal consistency across each geographic team.

Community Plans – Hiring is underway and new teams charged with updating community plans will start in the Valley. Many of the 35 plans are decades out-of-date. With community input and holding public hearings the Department will redo the grossly out-of-date plans and will also freshen up micro plans in

those community plans that are current. It is paramount that specific plans be maintained in order to move forward with policy, project planning and implementation of the plans.

Keeping community plans current is a win/win for developers and for neighborhoods. Developers need to know from the plans as well as zoning what can be built while neighborhoods need assurance the character and quality of life in their community will be maintained.

Implementation Overlays – much like a little master plan, an implementation overlay would give teeth to the goals within a Community Plan. Overlays will enhance the ability to preserve neighborhood character.

Planning threshold – 95% of applications for projects go directly to Building & Safety for approval. Where projects are 50 units or 50,000 square feet or require variances and special approvals applications are filed with City Planning.

ReCode LA – The Department is in year three of a five year program funded by the One Stop fund. Recently the all new R1 single family zones were rolled out. Currently the Department is working on the Downtown Zone and Boyle Heights Zone. In the spring processes and procedures will be addressed. 130 procedures will be boiled down to about 35 more standardized procedures. ReCode LA will consolidate zoning policies and put them together in a much more user friendly document, more understandable for staff as well as for the development community.

Environmental Impact Reports (EIRs) – Demand for preparation and review of EIRs is at an all-time high. The Department is sending out a request for bid to develop an expanded list of California Environmental Quality Act (CEQA) consultants skilled in the preparation of EIRs. Consultants will conduct training, prepare EIRs, review EIRs, use advanced technology to develop CEQA templates, and do some legislative work. Environmental Reviews generally look at cumulative impacts of pending and recently approved projects to capture the worst case scenario in order to recommend mitigation measures.

Condition compliance – A couple of months ago the section was fully staffed. The team includes a Senior City Planner and an Associate Zoning Administrator (AZA). They physically moved to Figueroa Plaza at the Development Service Counter where they are collocated with Building & Safety's Hospitality & Restaurant Express Team. The two Departments developed a referral sheet so as not to duplicate services. Planning will be asking for a second AZA and a third unit for this section.

Small Lot Subdivisions – The process to amend the code based on solid design standards and including revised setbacks is moving forward. The Department is already using the design standards. The hope is that code revisions will go to the full Council the first part of 2017.

Collaboration with Building & Safety - The level of collaboration between the two departments is higher now than it's ever been. There's been a change in the culture in terms of mission. Bi-weekly meetings of the two departments' new directors and executives take place. A partnership plan of 17 distinct points has been developed. Executives also meet with Deputy Mayor Ray Chan, previously General Manager of Building & Safety. In addition there's a bi-monthly management meeting of the two departments. Discussion includes current issues, collaborating on fees, ReCode LA, etc.

Performance Based Metrics/Technology– "Planstat" is the Department's management tool. It looks at cycle times for specific case types, volume of cases going in and out of the Department by division,

section, unit and individuals. The Department will do a preliminary digital dashboard – what applications/number of units are coming in, how many projects/units get entitled, and what number are ultimately built.

The Department is limping along with the very antiquated Planning Case Tracking System (PCTS). A nice bridge was built for the BuildLA system where all the data becomes very transparent to all of the development related Departments; it will take a couple of years for BuildLA to be fully functional. The planners for BuildLA are on call to continue the systems work at each point where they are needed.

How Budget Advocates Can Help

There was consensus in the meeting that Budget Advocates and the neighborhoods they represent are part of the citizenry and should be represented along with the Chambers of Commerce and business groups that interface with the Department.

It is valuable for the Department to form relationships with neighborhoods, to have an engaged and active community with eyes on the street – highlighting community plans, flagging historic resources, etc. Neighborhoods are feeling the pressures of being in a metropolis, and are concerned about retaining the character of the communities where we live and work. Neighborhoods and its citizens need to bring concerns to the attention of the Department’s planners whose job it is to develop and further community plans.

Budget Advocates Department of City Planning committee members:

Barbara Ringuette, Danielle Sandoval, Brian Allen, Rick Ramirez, Connie Acosta, and Tony Michaelis

Los Angeles Police Department (LAPD) and Police Protective League (LAPPL)

Date: November 30, 2016

Budget Advocates: Barbara Ringuette, Ann Job, Jon Lieberman, Jacqueline Kennedy, Adrienne Nicole Edwards, and Connie Acosta

LAPD Department Personnel: Assistant Chief Villegas, Office of Administrative Services and the Budget and Commanding Officer Ann Marie Sauer, Fiscal Operations Division

LAPPL Department Personnel: Craig Lally

Recommendations - Staffing

- Continue to expand the civilian work force permitting sworn officers filling civilian positions to be redeployed
- Re-open Harbor and Foothill Jails with civilian staff
- Increase numbers of police officers on the street; establish minimum patrol levels
- Improve non-emergency response time
- Hire additional police officers to fill the ranks significantly beyond expected attrition rates;
- Staff personnel department to allow LAPD to meet its goal of 10,000 sworn officers; decentralize Personnel

Recommendations to Restructure Basic Car and Patrol Force

- Establish "Constant Staffing" overtime to backfill vacancies in patrol assignments
- Re-evaluate Basic car areas and Senior Leads
- Add redundant Radio Cars
- Improve Operational Flexibility

Additional Recommendations

- Do not sweep unspent personnel funds; reallocate these funds for overtime
- Plan year-round, smaller classes for best police officer training
- Expand specialized training and teams to work with the homeless and the mentally ill
- Hire a consultant to identify ways to reduce harassment and retaliation lawsuits
- Conduct a comprehensive study of surrounding jurisdictions comparing starting salaries, deployment per square mile and per capita
- Support an all civilian complaint review board

Discussion

The Department is understaffed at a time when crime is rising. The length of response time, especially for non-emergency calls, is too long due to the lack of resources.

Officers are responding to calls leaving little opportunity for effective community policing. This is both dangerous and unacceptable and increasing numbers of officers and cars on the street should be a major priority in the 2017/18 budget process.

Annually, the staffing of sworn officers is reduced due to attrition; the majority are retiring. At the same time the Department has been unable to attract, train and deploy new candidates for a number of reasons.

- “On an average day in 1969, with a city population of 2,935,300 LAPD had 6,194 sworn officers with 337 officers on the street assigned to 181 cars patrolling our neighborhoods.
- On an afternoon in December 2016, with a city population of 4,031,000, LAPD had 9,885 sworn officers, with just 311 officers on the street, assigned to 159 cars patrolling our neighborhoods.”*

Hiring Plan – Total sworn officer positions in this year’s hiring plan total is 540 with attrition expected to be 425 resulting in a hoped for increase of 115 sworn police. So far LAPD has hired 150 for civilian positions but 120 have left. Attrition is expected to grow.

There are roles civilians ordinarily fill – crime analysts, 911 operators, and jailers – that sworn officers have had to temporarily staff. Hiring for civilian positions continues, and recently 11 officers assigned to civilian positions were redeployed while another 20 officers are expected to return to patrol in 2017.

Training Plan – A challenge the Department faces is the timing of training classes in the budget year – the preference being 13 classes of 40 trainees each. However, to be in line with the Department budget, training is pushed to the second half of the year. This results in classes up to 60 which affects the quality of their training. 25 to 28 % of trainees do not make it out of the academy.

Technology – Records Management Systems are 30 years old. An upgrade is planned which will help officers in the field. In 2017 the Department will have a total of \$9 million for a new system, and will put out a Request for Proposal. Old information will migrate into the new system.

Grants – The Department works with the Mayor, the Department of Justice and the FBI to apply for grants. Currently it manages \$50 million in grants from federal, state and local agencies. \$17 million in Homeland Security is for enforcement of child pornography, trafficking and internet crimes. \$17 million is community oriented and goes toward hiring officers. \$17 million is provided by the Department of Justice. Last year an Urban Area Security Initiative (UASI) provided \$6 million. The Department expects to submit for a \$13 million grant.

Expense of Protests – Overtime expense alone has cost over a million dollars. LAPD believes this unanticipated expense should be reimbursed and has pursued this. The CAO says no funds are available and advises the Department to implement internal controls. While the City has a reserve fund of about 5%, the CAO is concerned about going below the 5%. Budget Advocates believe the federal government may have a responsibility to reimburse this expense and did research as well as discussed possible

reimbursement with the Inspector General in the CAO's office. As the LAPD is always short funds, there is no reserve in the Department's budget.

Staffing of Jails – Staffing for the Metropolitan Detention Center is funded but five outlying jails are not in use for lack of staff. As a result officers must transport detainees Downtown from Harbor Division, Foothill Division, etc. This removes officers from patrol duties, leaves areas uncovered, and increases response times.

Police Vehicles – The current budget includes funding for two helicopters and a number of vehicles but not all that were requested.

Body Worn Video Cameras – Body worn cameras are being rolled out. The Department will need officers and/or trained civilians to look at and manage the videos as well as identify things that need to be addressed.

Homelessness – No additional funds have been allocated for LAPD's work with the growing homeless population. There was talk about \$4.5 million for public right of way cleanups. Special teams have been trained to work with the mentally ill.

Litigation expense – Last year the Budget Advocates recommended hiring an independent consultant to review management procedures regarding issues of sexual harassment, gender harassment, retaliation and other incidents where uniformed officers are suing the city and their supervisors. As these issues present concerns over liabilities, we will renew this recommendation.

Review Board – The purpose of any review board is to provide a mechanism to establish the truth about what happened between parties and to propose the most equitable outcome possible based on what happened. In support of an all civilian complaint review board, the goal is to reduce litigation against the city and bring a fair and balanced adjudication system in which citizens have a far larger role. We believe the current system can be improved upon and recommend an all civilian review.

*from "Back to Basic Car" Motion by Mike Bonin and Joe Buscaino on January 20, 2017
http://clkrep.lacity.org/onlinedocs/2017/17-0078_mot_01-20-2017.pdf

Budget Advocates Los Angeles Police Department and Police Protective League Committee Members:
Barbara Ringuette, Ann Job, Jon Lieberman, Jacqueline Kennedy, Adrienne Nicole Edwards, and
Connie Acosta

Recreation & Parks

Date: November 30, 2016

Budget Advocates: Valaida Gory, Brian Allen, Kevin Davis, and Jon Liberman

Department Personnel: Michael Shull, General Manager; Anthony Paul Diaz, Executive Director/Chief of Staff; and Sondra Fu, Finance Division

Recommendations

- Investigate a parcel tax or other measure, similar to Measure L for the Library, to increase revenue for the department's operations and establish a way to designate new funds to be managed and used only for Recreation and Parks Services.
- Seek legislative approval to use Quimby funds in expanded locations near where the construction is taking place to make use of such funds less restrictive.
- Pursue assessment districts for decommissioned DWP reservoirs to raise funds for park rangers, trail maintenance and other departmental support. Continue to pursue goal of having enough rangers to provide one for each of the City's 15 Regional Parks.
- Explore practice of contracting out certain services in order to reduce costs and increase cleanliness of facilities. Redirect City staff toward other core functions.
- Make an appeal to have DWP charges reduced and/or renegotiated, if there are some type of extenuating circumstances that could be found.
- Fast track a retirement planning and staff training action plan to address the immediate need for retaining and maintaining staff.

Discussion

The Department of Recreation and Parks (RAP) operates and maintains over 420 parks as well as 184 recreation centers, 2 state licensed childcare centers and 31 senior centers. Also included under this department, are 13 golf courses, 61 swimming pools, 321 tennis courts, Venice and Cabrillo beaches, the Griffith Observatory, Exposition Park Rose Garden and the Greek Theater.

The Dept. Has 1524 full time employees and 2938 part-time employees as well as 25,000 registered volunteers. A wide range of recreational, educational, and cultural programs and entertainment opportunities are offered to the Los Angeles community. RAP is not operating with the staff it had in its heyday but they have been able to add positions the last few years and plan to do so next year.

The revenue stream is a combination of a charter mandate to allocate .0125% of property taxes and a self-generated revenue source from its facilities. The 2017-18 proposed budget expects \$228,277,043 in revenue which will allow the dept. to support the projected expenditures.

RAP plans some increase to core services including the following:

- \$100K for Art in the Park
- \$221K for Park Ranger Expansion Program 6 positions Note: There was a \$1.48K increase to Park Ranger Expansion in the 2016-17 budget specifically for Harbor, SLA, and Venice districts
- \$154K for Technology Systems Support and Human Resource Training

- \$273K for Senior Programs

New requests for next year's budget include the following:

- \$3M for 20 positions to address citywide Homeless Encampment Cleanup
- \$255K for Venice Beach to provide 24-hour restroom access
- \$216K for 13 Summer season pool extensions
- \$172K for Emergency Preparedness

The overall Technology Support proposed is \$1.8M. Technology is expanding based on the needs and request of Mayor's Office. Mr. Shull said RAP is collaborating with other departments and the resulting interaction is better than it's been in years. He also told us the new Ranger Expansion was outside of Griffith Park and that the Valley and Harbor Areas were included. The RAP hiring practice includes the Targeted Local Hire Work Programs and an effort will be made to tap the local communities as much as possible.

A key concern is the escalating obligatory expenditures which include a significant utility increase from DWP that stands to continue for the next three years.

Another challenge for the dept. is retaining staff. Currently 25% of RAP workforce will be eligible for retirement at the end of this fiscal year. As part of the Equitable Workforce and Service Restoration Plan, they have requested that 283 additional positions in nearly 50 different classifications be established over the next 3-5 years.

Getting all staff appropriately trained in a timely manner is another challenge to be addressed.

There is also an ongoing issue of not being able to manage and keep the funds generated from their facilities. The general funds they ask for are only to provide services outside of park purposes for other departments. The golf courses are self-sufficient and have their own funds. In relation to Quimby funds, there has been a little expansion of the local area where developers' funds can be used.

A stakeholder raised a concern about maintenance and repairs in Lake Balboa and Encino area which the committee shared with the staff. Mr. Shull indicated all requests for repairs and maintenance as well as the need for rangers were being considered but did not make a commitment when those specific areas could be addressed.

The RAP department continues to increase core services and expand to provide new services as necessary. Increasing green spaces and parks in the denser areas continues to be a challenge but the dept. is moving forward. Despite the shortcomings, the city of Los Angeles has built more park and green space in urban locations, than any other city in the United States. The department appears to be functioning well and addressing needs in an appropriate manner.

Budget Advocates Department of Recreation and Parks Committee Members:
Valaida Gory, Brian Allen, Kevin Davis, and Jon Liberman

Sanitation Bureau (Public Works)

Date: October 20, 2016

Budget Advocates: Brian Allen, Liz Amsden, Joanne-Yvanek-Garb, and Jeanette Hopp

Department Personnel: Enrique Zaldivar, General Manager; and Lisa Mowery, Chief Financial Officer

Recommendations

- Request funding for a 5th Clean Streets service team to maintain current level of service.
- Request funding for biannual household hazardous waste pick-up.
- Expand green infrastructure for achieving water quality objectives for urban storm water runoff.
- Develop and implement a plan to achieve 100% recycling of water (currently 15% to 30 %).
- Develop and implement a plan to make Los Angeles independent of outside water by 2035.
- Provide the City Council with an aggregate plan to achieve these and other goals in a cost-effective manner stressing the downline savings to justify funding their goals on an expedited basis.
- Development and implement a program to educate the populace, from tot to seniors, from moms to manufacturers, on how to dispose of garbage safely.
- Initiate an accelerated education program on the safety of tertiary recycled water in potable use and move to amend legislation to allow such use.
- Ensure future systems development allow for incorporating tertiary water use at all levels rather than be forced to run parallel systems.
- Increase dumping fines so they are on parity with those the County charges.
- Request the City Council mandate fast food companies be responsible for disposing of their products and contract with the Department for recycling.

Many of the above recommendations have political components and call on not only the City for financial support but also its stakeholders to make a major shift in their approach to their environment by being more mindful of their lifestyles and choice of purchases.

Discussion

Overview: The Los Angeles Sanitation Department (LA San) has nearly 3,000 employees and an annual revenue budget of over \$1.1 billion. Only about 2% of their budget comes from the General Fund; the balance comes from fees and Special funds. As well as garbage and sewage, LA San oversees important environmental and infrastructure programs. These include the City's Clean Water program; the Solid Resources program, which has achieved one of the highest recycling rates in the nation approaching 80%; and the Watershed Protection program, which is among the most innovative in the country.

LA San's Hyperion Water Reclamation Plant Digester Gas Utilization Project, which should come on line at beginning of 2017, will use bio gas from LA San's Hyperion plant to generate close to 30 megawatts of

power, and their Watershed Protection program provides multiple side benefits such as open space, urban habitat support, and water supply.

The Department has a large budget but a larger mandate. With the Zero Waste Commercial Franchise service providers extending recycling services to large multifamily, commercial and industrial customers in the near future, economies of scale will lead the local recycling sector to effectively recycle all products put in the garbage stream including handling materials such as polystyrene which is cost-prohibitive in small amounts.

Furthermore, the standardized services/fee structure being set up for these franchises provides a potential model for successful public-private partnerships which can be used in other service areas.

Currently the Department is focused on achieving more cleanliness in the City including increased deployment of garbage baskets, expanding bulky item pick-up, continuing their spring clean-up campaign with facilities open on weekends in April and May, and plans to address the problems of commercial and multi-unit residences.

An LA County fee funds over half of hazardous waste costs but there still exists a need to address how to address safety concerns in connection with garbage strewn on the street, the collection of sharps (human and veterinary), chemicals, motor oil, electronics, non-recyclables, etc.

Special funding covers 98% of LA San's budget, with funding for homelessness and abandoned waste issues coming from the City's General Fund. Homelessness-related concerns are a major problem further complicated by the constitutional rights of these people

Homelessness remains a major component of the funding from the City's General Fund because of the ever-increasing number of persons living on the street and the lack of services for the chronically homeless. Current housing and support is inadequate but they have not heard of plans on the scale necessary to address the problem as it stands. Due to more manifest public health concerns, the Department will therefore need \$17.6 million this year (vs. \$10 million last year) for the projected clean-up efforts.

Our recommendations are not one-year projects and would benefit from having a three or five-year budget projection along with their current needs. The Department has a number of progressive plans relating to sustainability and resilience including City-wide projects for storm water capture and infiltration to increase the local water supply. These and other plans should be included in their budget request for the upcoming year indicating not only cost to implement them but also the projected savings, both direct and indirect.

Significant effort should be made to educate the City's stakeholders on the importance of these matters to attain the public consensus necessary to force the realignment of political will needed to achieve success.

On the water front, various issues relating to resilience were discussed – if the Owens Lake and Colorado aqueducts go down due to an earthquake or terrorist act, what can we do? This is where the need to make the City 100% independent of outside water as soon as possible is so important. Avenues include recycling, expedited development of tertiary water use, storm water reclamation, improved desalination technology, repurposing our reservoirs, and efficiencies at individual, business and city levels along with the need for secondary sources in the event of cross contamination in event of an earthquake.

With Tillman coming on line by 2020 along with the Hyperion plant, LA San is on track to significantly improve their efficiency but the costs to make it to 100% will run to two to three billion dollars, a cost that cannot and should not be borne entirely by the ratepayers. Financing focused on preventative action shared between various levels of government should be sourced immediately and steps initiated to expedite the process emphasizing the prospective savings whether in the event of catastrophe or simply to get ahead of increasing water costs.

On the IT front, they are working on improving their technology for stakeholders to report concerns and are already moving forward on using tablets in the field to close out tickets. Access to the Special Funds has made it easier for them to do this and move forward on other improvements including creating a common control system platform for all water reclamation facilities, which will make it easier to move LA Sanitation employees between plants.

By June 2018, 49% of the Department's employees will be eligible to retire, and they would like it to become the norm to obtain the funding and position authority to hire replacements to work with retiring personnel to ensure a smooth transition.

Conclusion

The Budget Advocates encourage the department to press forward on the resilience and sustainability fronts. Not only should they definitely work with their counterparts in the LADWP but also seek out innovative approaches from around the world to incorporate those that are applicable to Los Angeles, specifically the Israeli approach on educating the populace from childhood about wise water use as well as other successful projects as described in the book *Let There be Water* by Seth Siegel.

There is no shame in being turned down so we expect LA Sanitation to push strongly to obtain the necessary funding to implement those projects both essential for the City's continued successful growth and also for its survival in the face of the drought and climate change.

Finally, the Budget Advocates further encourage the continuation and expansion of the pilot project on long-term budgeting that was initiated with the CAO's office this year.

Budget Advocate Sanitation Bureau committee members:

Brian Allen, Liz Amsden, Craig Goldfarb, Jeanette Hopp, and Joanne-Yvanek-Garb

Transportation Department

Date: October 13, 2016

Budget Advocates: Barbara Riguetto, Valaida Gory, and Michael Menjivar

Department Personnel: Seleta Reynolds, General Manager; Monique Earl, Assistant General Manager of Administrative & Field Services; and Angela Berumen, Chief Management Analyst

Recommendations

- Re-evaluate the Mobility Plan 2035 to emphasize safety by protecting pedestrians, drivers, and bicyclists, and adapting it to the individual neighborhoods' needs and desires
- Maintain revenue from parking citations in the respective neighborhood and keep funds generated from meters in the neighborhood as well, possibly to build parking structures in neighborhoods desperately in need.
- Hire staff to address the transportation demands of a growing city population, including further alleviating traffic congestion, promoting mobility hubs, and expanding on alternative transportation options
- Hire additional parking enforcement officers to enforce parking laws in neighborhoods with limited parking. LADOT parking enforcement operations cover all City neighborhoods but can study deployment to ensure neighborhoods are receiving adequate coverage.
- Do more to address parking shortages in neighborhoods like Silver Lake, Westwood, North Hollywood, Highland Park, etc. LADOT can be funded via SPRF (Special Parking Revenue Fund) to perform additional parking studies.
- Hire additional public media relations staff persons.
- Devise a plan for succession to plan for impending mass retirements to include cross-training current staff and new hires.
- Ask Metro to evaluate providing bus passes to all high school and community college students, perhaps making passes free for all students, taking a large number of cars off the road.

Discussion

Background: Many of the same questions discussed last year remain this year. Is DOT equipped to manage the projected employee retirements over the next 5 years? Is there a plan to improve "on-street" parking on a neighborhood-by-neighborhood basis? Where does DOT come into play with the homelessness crisis? What is being done to ensure more consistent and reliable departure/arrival of public transportation? Are we doing enough to capitalize on economic incentives to forego automobile traffic?

LA Streets: LADOT has a portfolio of 7500 miles of city streets. While the Department of Public Works Bureau of Street Services is responsible for street maintenance, LADOT is responsible for signals, their timing, and tracking traffic. There are 37,000 parking meters DOT prices and manages. LADOT regulates taxis, non-emergency medical transport, DASH and Commuter Express buses.

Staffing

- 600 traffic officers whose case load in directing traffic for special events has more than doubled in the last 2 years. 2,000 special events have become 4,500.

- Fewer officers to handle the growing parking enforcement needs, which has become an increasing problem for small business owners who are dependent on turnover. Time is stretched between several functions, and LADOT is facing a “breaking point” in terms of sufficient staff to handle special events such as Dodgers and Clippers games. There’s simply not enough man power to address all the transportation needs of the city.
- 2,000 full and part-time staff that make up the total number of LADOT staff.

LADOTs Strategic Approach – 3 Areas of Focus

1. **Vision Zero + Great Streets:** To Deliver Vision Zero and Great Streets Programs; Execute Technology Strategy; Build Community Partnerships. Goal of getting to zero deaths in 2025. There are currently 230 deaths a year due to traffic accidents. There is a line item in the recently passed Measure M for \$450m for Vision Zero to eliminate traffic deaths for future budget.
 - LADOT resources should be focused on addressing traffic deaths, which Vision Zero correctly does
2. **Mobility Management/Transportation Technology:** improving the parking situation in many neighborhoods, and bringing shared-use mobility.
 - Uber is predicting the arrival of autonomous driving vehicles. The city is looking for ways to work with Uber.
 - Expanding another freeway is not likely to reduce congestion, as we have learned from the 405. LADOT is continuing to introduce innovative ways to eliminate congestion, including giving people transit cards, and providing new transit options.
 - The number one thing that encourages people to not rely on a car is parking limitations, according to LADOT.
 - Urban Mobility in a Digital Age: Build a Solid Foundation, and Leverage Technology and Design for a Better Transportation Experience.
 - Data as a street service – partnering with Waze, especially to (1) identify street closures (2) give them information on where left turn signals are located (3) help make their algorithm better (4) sweep cars out of small neighborhoods (5) make LADOT traffic management systems better.
 - Using Infrastructure as a Service: Implementing a dynamic “pay as you go” approach to more closely align costs of providing infrastructure with how it is used.
 - LA is 1 of 10 cities in US to receive a federal grant for “mobility hubs.” This will promote an electric vehicle sharing program and provide funding for a bike sharing fleet, all in one place that’s easily accessible, with multiple hubs throughout the city. LADOT had its request approved to fund additional staff for these hubs.
3. **Great Place to Work:** Making LADOT a great place to work.
 - Succession Planning: LADOT lost 30% of staff during the cut backs. 30% of remaining staff are eligible to retire. There is a massive need for staffing.

Meter Revenue

- None of the money generated through parking citations stays in LADOT – it goes to the general fund and a certain amount is allocated back. The 2016-17 Adopted Budget contemplates a SPRF Local Return Program wherein parking meter revenue will go back to neighborhoods in cities like Pasadena. LADOT will launch this pilot program soon in a few small cities, with money generated

going to fund small capital projects like tree trimming and pavement projects. LADOT is trying to move in the direction where surplus meter revenue stays in the neighborhoods.

- LADOT has supported a Special Parking Revenue Local Return Fund Program wherein a portion of parking meter revenue goes back to the communities. The Department does not have an official stance beyond this program, as it remains a policy decision.

Performance Based Budgeting

- LADOT is taking many of the recommendations from the Mayor's performance based budgeting to shape their own budget. LADOT has outlined their metrics in their strategic plan, such as lowering the number of traffic accidents/deaths, implementing chargers for electric vehicles, and rolling out bike shares. Parking Permit Districts (PPD) process time is not one of their top line metrics, though it is being monitored and has sped up.

Last Year's Budget Requests

- Request for a Director of Field Operations in the 2016-2017 budget was approved.
- Requests for additional parking citation officers and additional resources for improving parking citation adjudication customer service experience in the 2016-2017 budget were denied.
- LADOT request for public media relations staff in the 2016-2017 budget was denied.

Summary: The Budget Advocates met with Seleta Reynolds and her team in October 2015, closer to her selection as DOTs newly hired General Manager. Now with 2 budget cycles worth of experience, the Budget Advocates are impressed with the dedication of the Department to address the transportation issues of the city.

Budget Advocates Department of Transportation Committee Members:
Barbara Riguette, Valaida Gory, and Michael Menjivar