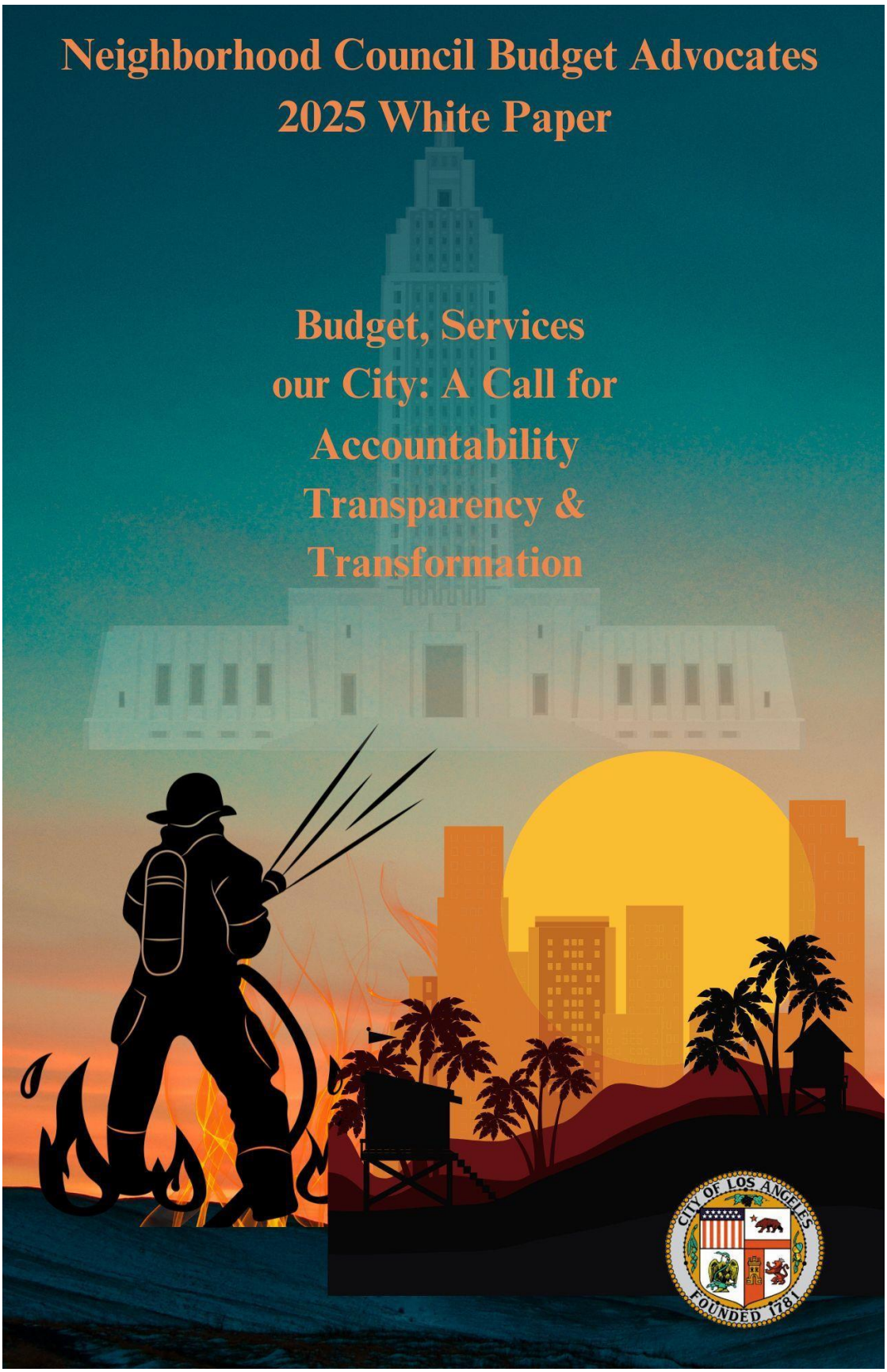
Neighborhood Council Budget Advocates
2025 White Paper

Budget, Services our City: A Call for Accountability Transparency & Transformation



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ELIMINATE THE STRUCTURAL DEFICIT

The City Administrative Officer indicated that there is a budget imbalance for the upcoming fiscal year that begins on July 1st where expenditures are expected to exceed revenues by almost $1 billion. This will require significant cost-cutting measures, including the politically controversial layoff of thousands of City employees.

Over the past several years, the Mayor and the City Council have approved unsustainable budget busting labor agreements, relied on overly optimistic revenue assumptions, underestimated expenditures, especially those related to liability claims arising from legal settlements and judgements, and underfunded public safety and the repair and maintenance of the City's infrastructure. They also depleted the Reserve Fund, so much so that if the City was being honest, it should have declared a financial emergency.

Rather than business as usual, it is time to reform the City's budget process with the goal of eliminating the Structural Deficit so the City can live within its means and provide reliable services, including public safety and a well maintained infrastructure, to Angelenos.

For the fiscal year that ended on June 30, 2024, the City Controller indicated there was a $600 million gap between the Adopted Budget and actual results. General Fund revenues were under budget by $221 million and over expenditures were $385 million associated with new labor agreements and higher liability claims. This shortfall was covered in part by raiding the Reserve Fund for over $300 million.

For the current fiscal year that began on July 1, 2024, the Third Financial Status Report dated February 28 indicated that the projected gap between the Adopted Budget and year end results is around $400 million. Revenues are anticipated to be more than $100 million below plan while over expenditures are estimated to be $300 million. After corrective actions, the shortfall will be $200 million. Covering this shortfall will exert pressure on the already depleted Reserve Fund.

This does not include the additional impact of the wildfires on personnel costs and the $275 million in infrastructure damage to parks, libraries, stormwater structures, and streetlights. Nor does it include the impact on property tax revenue and other economically sensitive taxes.

Balancing next year's budget (2025-26) will be challenging. According to the City Administrative Officer, the billion dollar budget imbalance is caused by revenues being $315 million lower than the overly optimistic forecast, by $275 million to replenish the Reserve Fund, by a $100 million increase in liability claims, by an additional contribution of $100 million to the City's pension plans, by an increase of $80 million to subsidize trash collection operations (increasing the total subsidy to $200 million), and an existing forecasted deficit of $60 million.

[Interestingly, Christopher Thornberg of Beacon Economics, a well-respected consulting firm often retained by the City, indicated that the City has a spending problem, not a revenue

problem. From 2024 to the Controller's estimates for the upcoming fiscal year, revenues from the seven economically sensitive taxes have increased by almost $300 million (5%). The seven taxes relate to property, business, sales, hotel, utilities, real estate transfers, and parking lots.]

Balancing the budget will require a significant reduction in expenditures, including the "inevitable" layoff of thousands of City employees. This will result in considerable pushback from the City's public sector unions. Yet, at the same time, the City needs to properly fund public safety (fire and police) and the maintenance and repair of its stressed infrastructure.

The City needs to address its Structural Deficit where there is persistent shortfall between projected revenues and expenditures. When the Mayor presented her proposed budget to the City Council on April 20, 2024, she said the Structural Deficit would be eliminated because the Four Year General Fund Budget Outlook showed a surplus of $160 million in Fiscal Year 2028-29. However, the Outlook did not consider future labor agreements and the resulting increases in personnel costs. Using reasonable assumptions regarding new labor agreements with both the civilian and sworn employees, the surplus disappears and there is a projected shortfall of approximately $300 million.

While developing a balanced budget for next year, the Mayor and City Council must address the need for reform so the City can eliminate the Structural Deficit so it can live within its means. The Neighborhood Council Budget Advocates make the following recommendations, all of which we have made over the years.

1. The Four Year General Fund Budget Outlook needs to be updated to reflect anticipated raises for City employees. Personnel costs comprise about 75% of the City's expenditures. This will give the Mayor and the City Council a better understanding of the City's budget, finances, and Structural Deficit.

2. Develop a two year budget as recommended by the City Controller and the LA 2020 Commission.

3. Conduct open and transparent labor negotiations that require significant outreach to Angelenos before, during, and after the negotiations.

4. Place a measure on the ballot that would prohibit the City from entering into any labor agreement that would create a current or future deficit. In the short term, pass an ordinance.

5. Develop a long term infrastructure plan to address deferred maintenance and future capital expenditures.

6. Create a robust Reserve Fund that can only be used in declared emergencies, not to balance the budget as is the current procedure.

7. Establish an Office of Transparency and Accountability as recommended by the LA 2020 Commission to oversee the City's budget and finances in real time.

These commonsense recommendations will eliminate the Structural Deficit and allow the City to live within its means. This will require the Mayor and the City Council to use their political capital to overcome the objections of the public sector unions and other special interests. Importantly, these reforms will provide long term benefits to all Angelenos.

INTRODUCTION TO REPORTS ON DEPARTMENTS AND BUREAUS

Neighborhood Council Budget Advocates produced reports from meetings with City Departments and Bureaus. Most reports were written prior to the City's serious financial condition was further exacerbated by the devastating Palisades Fire and before the depth of the City's financial condition became known.

These meetings included discussion of each Department's or Bureau's mission, services, revenue, staffing, budget outlook, successes, challenges, and new or expanded programs. Budget Advocates made numerous recommendations concerning service needs, staffing, procedures, and several recommendations outlining potential cost savings.

First, we list the totality of recommendations followed by the reports on Departments and Bureaus in alphabetical order.

RECOMMENDATIONS FOR THE 2025 WHITE PAPER

Animal Services

- Reduce shelter overcrowding; achieve and maintain No-Kill by increasing funding for the Animal Sterilization Fund [major financial savings in the future]
- Expand the Community Cat Program to meet the minimum requirement of the Environmental Impact Report; achieve and maintain No-Kill by increasing funding [major financial savings in the future]
- Work with the State Fish and Wildlife Department to develop programs that effectively and humanely address the increased presence of coyotes in our neighborhoods
- Purchase two-way radios for staff and volunteer safety
- Raise funding for food for the animals (see Addendum)
- Augment funding for medicine and medical supplies (see Addendum)

Staffing

- Increase staffing to adequately and humanely care for stray, homeless, and surrendered animals; to enforce the spay/neuter laws; and to provide safety in our neighborhoods
- Recruit additional volunteers to care for, socialize, and exercise the dogs and cats [major financial savings]
- Continue funding for Dogs Playing For Life (DPFL) to provide enrichment and exercise for the dogs
- Start the Reserve Animal Control Officer (RACO) program [financial savings].

City Attorney

- Enhance risk management efforts to reduce City liability
- Address technology needs
- Contract Outside Counsel to reduce in-house lawyers with heavy caseloads.
- Enhance and focus on restorative justice programs to reduce re-offenders and prosecution expense

Building & Safety

For the Department:

- Implement and apply a performance metric for low-income housing units, "Low-Income Housing Units Permitted," that is consistent with the definition of "Affordable Housing" in the 2021-2029 Housing Element. According to this definition, "Affordable Housing" includes any housing unit that has a formal covenant or other legal protection that guarantees that the housing unit can only be occupied by someone within a set schedule of income.
- Integrate these performance metrics into the current Plan Check and Inspection System permitting system and the new LA City Permitting System.
- Implement new procedures for clearing low-income units with the Housing Department to ensure that identifying Housing Department project information is captured in the Plan Check and Inspection System and the new LA City Permitting System. This could be accomplished through revising the Affordable Housing Incentive Guidelines.

- For by-right mixed-income Affordable Housing projects, require the Structural Plan Check staff to inform the applicant of the requirement to record a covenant with LAHD for the low-income units. This could also be accomplished through revising the Affordable Housing Incentive Guidelines.
- Enhance the current Plan Check and Inspection System permitting system and the new LA City Permitting System to include the following categories of data: when LAHD approved the housing clearance for the low-income units, whether the projects received Transit Oriented Communities (TOC) or Density Bonus incentives, whether the projects were mixed-income projects, and which of the three types of review was needed for projects that fall under LAMC Section 12.22.A.25.
- While we appreciate LADBS's efforts developing Atlas technology and the planned implementation of the Clariti software tool, we encourage the Department and the City to consider budget when approaching long-range technology investments to efficiently maximize increasingly limited financial resources. To that end, we recommend the Department:
- Provide budget for the City's Information Technology Agency (ITA) to review the current tools maintained by LADBS and other Development Services, and make recommendations on how to optimize them.
- Include itemized expenses related to the Clariti transition in future budget proposals.
- Evaluate the actual comprehensive cost of collecting or settling a debt/lien as well as the cost of pursuing code violations that are resolved before a lien is filed. This evaluation should be included in the Department's current internal fee study mentioned by John Weight at our December 16, 2024 meeting.
- Evaluate revenue lost in sharing fees recouped with a third-party debt collector.
- Evaluate whether dollars spent pursuing liens exceed revenue generated. The Department mentioned they are conducting a study of 200+ LADBS fees that have not been amended in 15 years. While evaluating the Department's fee structure, we recommend:
- Increase fees for serial violations by the same property.
- Mitigate the negligible value of pursuing a lien by increasing fees substantially.
- Fund a training program for inspectors, or fund a position (a biologist) to close the gap in expertise in cases where LADBS lacks necessary expertise, and is unable to enforce recommendations of other City Departments, whichever is more cost effective in the long run. Alternatively, where the necessary expertise for enforcement lies mostly within other City Departments, such as in the case of haul routes, the gap in expertise could be closed by transferring the entire review and enforcement process to the appropriate City Department (e.g., DPW or DOT for haul routes). To our knowledge, a motion requesting the Department, with the assistance of DPW and DOT and in conjunction with the City Attorney, to prepare a report on alternative discretionary processes for haul routes has already been filed with the Office of the City Clerk under Council File 24-1262, proposed by Council District 12.

- Establish policies to verify permit applicants comply with relevant requirements by all governmental entities prior to approval to proceed and allocate funds for this effort in the 2025-2026 fiscal year to ensure safety and compliance.
- Train LADBS commissioners to establish literacy in LADBS codes and regulations. Since all City commissioners undergo ethics training, we recommend they be trained simultaneously in codes and regulations relevant to their responsibilities. We also recommend that the requirement for training be codified in the Los Angeles Municipal Code.
- Evaluate the net effect on the Department of staffing the Disaster Recovery Permitting Center established after the Palisades Fire of January 7, 2025. We encourage the Department to repopulate LADBS with staff to sustain the Department's normal functions to avoid construction delays in unaffected areas of the city.

For the City:

- Proactively implement a mechanism for data sharing and tracking among the Department of Building and Safety, the Housing Department, the Department of City Planning, and other City Departments for projects specifically including information for identifying and tracking covenants for low-income units.
- Fund the expansion of the Affordable Housing Tracking System to include all relevant data, collecting this data in a public-facing database, especially with regards to tracking covenants for low-income units, on a more timely basis.
- Create an IT MASTER PLAN for implementation of tools and platforms that could be shared across all City departments, and that will ensure greater transparency, eliminate wasteful redundancy, and increase efficiency. Include itemized expenses related to the Clariti transition in future budget proposals.
- Revise evidentiary requirements used by the City Attorney's Office for establishing a construction violation to include video, photographs, or other third-party evidence of violation, in order to recover unrealized revenue.
- Codify commissioner training to guarantee universal literacy in department codes and regulations.

Cannabis

- Expand programs under the Social Equity Program (SEP) including Business, Licensing, and Compliance (BLC) Assistance services.
- Boost coordination of enforcement of illegal cannabis operations with LAPD and the City Attorney's office.
- Enhance outreach by the Department of Cannabis Regulation Neighborhood Liaisons in local communities

City Administrative Officer

- Follow-through with a multi-year plan for Capital Infrastructure
- Restore the Reserve Fund above 5% of the total Budget as soon as possible
- Develop more realistic liability estimates with the assistance of the City Attorney
- Prioritize staffing the Personnel Department to expedite critical hiring

- Budget for more realistic salary estimates in years of contract negotiations with city employee unions.
- Study implementation of a vacancy tax as a revenue source.

Homeless Initiative

- Require a dashboard and better data from LAHSA
- Join with the County to explore taking over services from LAHSA
- Apply for grants to maximize availability of services
- Create a 5-year plan, a Marshall Plan for transitional housing
- Bring smaller, more specialized service providers to expand the provider network

City Clerk

- Extend focus on retention of existing employees to maintain institutional memory
- Incorporate financial operations of the Congress of Neighborhoods and the Budget Advocates into the Neighborhood Council Funding portal
- Develop better training of Neighborhood Council board members regarding financial responsibilities and authorities

City Council

- Collaborate with the Mayor to enhance transparency in the Inside Safe initiative.
- Postpone the Convention Center renovation until after the 2028 Olympics.
- Partner with the City Controller to improve public access to discretionary expenditure data.
- Present the Chief Legislative Analyst budget separately from the overall City Council budget for greater clarity
- Coordinate with the City Attorney to assess pending liabilities, estimate their financial impact, and incorporate them into budget planning.
- Restrict borrowing to capital improvements that actively reduce financial liability

City Planning

- Provide funds to allow for the implementation of the Housing Element Rezoning Ordinances - a necessary rezoning tool to achieve the state-required regional housing benchmark 2029.
- Extend funding to allow the department to effectively accelerate the developments encouraged by Mayor Bass' executive orders on housing.
- Create walk-in service counters for clients who live nearby and prefer in-person assistance.

Civil & Human Rights and Equity

- Add an Accountant position to streamline grant payment processing and enable non-accounting staff to focus on their core responsibilities
- Develop a public-facing dashboard to display the Department's key metrics and their progress towards achieving them

Bureau of Contract Administration

- Expedite the transition to a strategic wage theft enforcement approach currently being used by both the State and the U.S. Department of Labor
- Enhance outreach and education programs designed to promote small, local, and diverse businesses
- Allow capital projects to move forward in the Construction Inspection Divisions
- Add staff in the Office of Wage Standards to enforce the City's Minimum Wage Ordinance

City Controller

- Create a five-year city budget
- Collaborate with institutions such as UCLA on audits that will withstand credible scrutiny
- Develop a plan to repurpose excess office space and consolidate offices
- Design incentives for departments to reduce risk while not punishing departments for their liabilities
- Create and publicize a data site that shows how much was budgeted for liabilities vs how much the City settled for
- Make clear the difference between a list of needed capital improvements and a plan to deliver those improvements
- Advocate for the City Charter Commission to add a position for a Chief Financial Officer in the new City Charter

Cultural Affairs

- Promote multi-year budgeting to better identify and plan for long-term revenue needs
- Engage with community members to gather input on cultural events that reflect local interests
- Reevaluate the funding structure for Cultural Affairs to establish a more stable revenue stream and/or increase the department's reserve fund for financial sustainability

Bureau of Engineering

- Prioritize projects to reduce City liabilities, limiting City borrowing to projects that may save City funds [reduce litigation expense and preserve City funds]
- Streamline City hiring to alleviate personnel issues
- Screen out earlier those proposed projects that will not be funded or cannot proceed [save employee expense]

Ethics

- Hire two Auditor II's to provide timely assistance to candidates and committees and to address backlogs
- Allow the Commission to hire its own outside counsel
- Raise fines for ethics violations
- Pilot a social media presence to announce important meetings and educational opportunities.

- Avoid using phrases such as "the appearance of corruption" when "corruption" would be more accurate

Finance

- Review the financial structure of the City's financial departments
  - Change the City Charter to elect a Chief Financial Officer
  - Consolidate City financial operations under the Chief Financial Officer
  - Place all budgetary operations, including spending and collections, under the Chief Financial Officer
  - Establish oversight by either a Mayoral committee, a City Council committee, a public commission, independent outside review board or other acceptable method.
- Expedite the completion of major system upgrades to the Office's Information Technology (IT) systems. Collaborate with Information Technology to take a significant, much larger, role in assisting with upgrades

Fire

- Establish up to 62 new fire stations
- Fully staff the mechanics division
- Expedite hiring of fire fighters to a staffing level requested by the Chief.
- Identify shortfalls in the hydrant/pipe replacement fund and stop raiding it to balance budget shortfalls.
- Evaluate and replace necessary amenities fire fighters use in their work and in firehouses (Helicopter binoculars, beds, dishwashers, etc.)
- Create a new I.T. system for the mechanics division for inventory and distribution of medicines and fire fighter equipment

<u>Also, we recommend that the Department with City resources:</u>

- Locate grants to assist in funding
- Explore a bond measure to address additional funding
- Begin full cost recovery from FEMA, Veterans Administration, UCLA, Southern California Gas, and the Department of Water and Power (DWP)
- Plan with mutual aid departments to preplace fire equipment and personnel in a predicted serious weather/wind/fire event
- Ensure availability, early requests and swift response for mutual aid

General Services

- Extend recruitment of high school Science students for the materials testing program
- Add staff to perform required maintenance and repairs on vehicles and other equipment
- Increase Night Crew staff for urgent building maintenance
- Create a strategy with financing for preventive maintenance of city property
- Expand funding for trash trucks

Housing

- Hire additional Certified Finance Officers to oversee and control the finances and expenditures of grants for tenant rental assistance from State, County, Federal and
    - Private Entities. Officer is to retain a copy of all applications awarded at LADBS online file.
- Maintain the screening of applications of Government and Private agencies for tenant rental funding, under the purview of a Certified Finance Officer for tracking and
    - verifiability.
- Hold office managers and supervisors responsible for ensuring regular office hours for their customers.
- Engage an independent auditor to audit the Department's contracts, identifying the Program, sources of funding, work accomplished and expenses.
- Require that tenants produce evidence supporting complaints of landlord harassment, before Housing notifies landlords of a potential court filing by tenants
- Utilize city owned properties rather than leasing from private entities
- Evaluate whether outsourcing to private contractors is as efficient as using City workers

Information Technology

- Expedite hiring processes to restore critical positions lost due to budget freezes.
- Offer competitive incentives such as flexible work arrangements and diversity-focused recruitment strategies to attract and retain talent.
- Secure additional funding for infrastructure upgrades, including 911 systems and data centers.
- Fully implement the Zero Trust model to enhance cybersecurity, accompanied by regular audits and posture checks.
- Expand outreach for digital equity initiatives, including translation services and accessibility features.
- Leverage public-private partnerships to maximize resources through discounted services and free training.

Library

Strengthen Library Services Through Strategic Planning and Community Engagement

- Extend the Library Experience Office
- Publish a plan for the future of the Angel City Press
- Partner with the Neighborhood Councils to enhance Angel City Press outreach
- Develop and publish a 5-year strategic plan on the Library's website
- Finalize the Library's capital plan

Mayor

- Provide a minimum one-year plan for the Inside Safe program.
- Develop a more realistic budget for the Mayor's Office.
- Provide the funding essential to financially manage emergencies.
- Restore the Reserve Funds to 10% of the City Budget
- Fully fund core essential services while reducing and/or eliminating fringe departments.

- Do a better job communicating with the City Attorney on trends and expectations to improve the accuracy of the City's liability budget.
- Begin developing a multi-year budgeting process by studying jurisdictions that use it and learn what does and does not work.

Neighborhood Empowerment

- Consolidate the processing of financial activities for the Congress of Neighborhoods and the Neighborhood Council Budget Advocates under the jurisdiction of the City Clerk
- Improve training programs for Neighborhood Council board members
- Establish a working group or groups to focus on Neighborhood Council system issues, protocols and concerns
- Develop a plan to allocate a percentage of unused NC funds to DONE to help ineffective Neighborhood Councils become effective
- Address operational discrepancies in Neighborhood Councils citywide

Personnel

Human Resources

- Hire additional personnel to be more efficient as a department.
- Reduce an 18-month delay in hiring and expedite the hiring process city-wide.

Occupational Safety

- Add staff to ensure timely and compliant job execution.
- Hire an industrial hygienist to comply with safety protocols.

City Planning

- Provide funds to allow for the implementation of the Housing Element Rezoning Ordinances - a necessary rezoning tool to achieve the state-required regional housing benchmark 2029.
- Extend funding to allow the department to effectively accelerate the developments encouraged by Mayor Bass' executive orders on housing.
- Create walk-in service counters for clients who live nearby and prefer in-person assistance.

Public Works

- Restore the Senior Management Analyst position for program management and oversight of the Mobile Pit Stop, Mobile Shower and Skid Row Cleaning Programs for the homeless
- Restore the Senior Management Analyst position lead the Clean LA Jobs Program (CleanLA).
- Establish 25 jobs in the CleanLA Workforce Development program to clean the right-of-way in underserved communities
- Add $30,000 funding to conduct Town Hall style community meetings at different locations throughout the City

- Add online capability for the bidding process [more efficient with potential to save money]

Recreation & Parks

- Subsidize the $3 million cost of summer camp for low-income qualifying kids.
- Expand the Community Park Program (school open space for public recreational purposes) from 10 sites to 20.
- Enhance graffiti abatement and vandalism repair programs; Improve security at five sites.
- Fill vacancies expeditiously. Consider exempting Rec & Parks from the PCH process for critical positions.
- Allow Departments to revise their metrics prior to the publishing of the Adopted Budget to better reflect what's funded.

Retirement Systems

- Expedite the creation and renewal of hiring lists, particularly for senior analysts, cybersecurity, and leadership roles
- Provide additional resources and staffing for Information Technology Agency (ITA) to support Human Resources and Payroll system implementation
- Improve data accuracy and transmission between the City and LACERS for payroll and demographic records
- Ensure consistent funding contributions to mitigate the net pension liability and maintain investment stability
- Consider revisiting Cost of Living Adjustments (COLAs) for retirees in light of inflation trends

<u>For LACERS</u>

- Continue leveraging the "Target Local Hire Program" and part-time staff to address vacancies.
- Enhance cybersecurity measures, including penetration testing and targeted employee training.
- Maintain long-term investment strategies to ensure pension sustainability while adjusting asset allocation prudently.
- Utilize the 115 Trust to smooth cost spikes and sustain affordable retiree healthcare benefits.
- Continue efforts to keep business costs conservative while optimizing operational efficiency prioritizing domestic infrastructure over emerging markets

Bureau of Street Lighting

- Fund continuing efforts to fortify street light circuits against copper wire theft, which is currently the highest cost burden at $17 million.
- Explore additional grants and funding opportunities to sustain the Street Light Fund which is becoming depleted.

- Ensure that planned amenities for the 2028 Olympics - such as cameras, sensors, and wayfinding improvements - align with long-term City needs.
- Expand efforts to turn on all street lights and to fortify street light circuits against copper wire theft, which currently is the largest Bureau expense.
- Explore additional grants and funding opportunities to sustain the Street Light Fund which is becoming depleted.
- Ensure that planned amenities for the 2028 Olympics - such as cameras, sensors, and wayfinding improvements - align with long-term City needs.

Bureau of Street Services (StreetsLA)

- Support new budget requests and recommend no additional cuts for StreetsLA.
- Approve StreetsLA efforts to hire and fill vacancies expeditiously. Exempt StreetsLA from the Prioritize Critical Hiring (PCH) process for all operational critical positions.
- Address salary concerns for key trade positions and parity with the Department of Water and Power (DWP)
- Allow Departments to revise their metrics prior to the publishing of the Adopted Budget so that metrics can better reflect what's funded.

Transportation

- Improve interagency collaboration via a Capital Infrastructure Plan with LADOT as the lead agency for *Mobility Plan 2035* projects.
- Provide LADOT with dedicated curb access ramp construction teams.
- Increase the Paint & Sign budget to support the most basic and essential functions of LADOT.
- Ensure that the Prioritized Critical Hiring process (PCH) does not impede departments from filling and refilling authorized and funded positions.

<u>Revenue Related</u>

- Allow LADOT to use awarded grant funding to fund staff positions dedicated to delivering those grant-funded projects.
- Reinstate revenue-generating Parking Enforcement & Traffic Control positions.
- Implement city-wide departmental incentives for successfully decreasing liabilities [Preserves revenue]

Youth Development

- Streamline access to internships, fellowships, and workforce development programs through a unified platform, ensuring equity and quality control.
- Create robust career pathways into well-paying jobs, both within and outside the City.
- Prioritize hiring an Executive Assistant to support the General Manager in managing operational and strategic tasks, which would improve departmental efficiency and program execution.

- Expand mentorship opportunities and leadership development programs across City departments.
- Establish drop-in Youth Hubs to provide accessible services and resources.
- Develop a centralized repository of youth protection policies and conduct training sessions for City staff and contractors to ensure safety and equity.

ANIMAL SERVICES DEPARTMENT

December 3, 2024

ATTENDEES

Personnel: Annette Ramirez, Interim General Manager; Curtis Watts, Assistant General Manager for Administration; Sharon Lee, Senior Management Analyst.
Budget Advocates: Jeffrey Mausner, Budget Representative; Sheryl Akerblom; Lynda Valencia; Michelle Cornelius, Shelter Volunteer.

RECOMMENDATIONS

- Reduce shelter overcrowding and achieve and maintain No-Kill by increasing funding for the Animal Sterilization Fund [major financial savings in the future]
- Expand the Community Cat Program to meet the minimum requirement of the Environmental Impact Report; achieve and maintain No-Kill by increasing funding [major financial savings in the future]
- Work with the State Fish and Wildlife Department to develop programs that effectively and humanely address the increased presence of coyotes in our neighborhoods
- Purchase two-way radios for staff and volunteer safety
- Raise funding for food for the animals (see Addendum)
- Augment funding for medicine and medical supplies (see Addendum)

Staffing

- Increase staffing to adequately and humanely care for stray, homeless, and surrendered animals; to enforce the spay/neuter laws; and to provide safety in our neighborhoods
- Recruit additional volunteers to care for, socialize, and exercise the dogs and cats [major financial savings]
- Continue funding for Dogs Playing For Life (DPFL) to provide enrichment and exercise for the dogs
- Start the Reserve Animal Control Officer (RACO) program [financial savings].

DISCUSSION

The Los Angeles Animal Services Department (LAAS) or (the Department) is one of the largest municipal animal shelter systems in the United States with 6 fully functioning municipal shelters and two leased-out shelters, annually serving approximately 40,000 to 45,000 animals and responding to approximately 43,000 service calls involving animals or people in danger and other animal matters.

Mission

To promote and protect the health, safety, and welfare of animals and people.

Budget

The Department's approved total operating budget for FY 2024-25 was $30.31 million(M) for Salary Appropriations and Related Expenditures, a decrease of $1.39M from the total operating budget of the previous year that totaled $31.70M.

Staffing

As a result of this fiscal year's budget decrease, the Department operates with sixteen (16) fewer regular positions, and two (2) additional resolution positions. This allocation covers the cost of care for all the animals in the city including those in the six functioning municipal animal shelters.

Revenue

The Department's total budget of $30.31 million (M) came from two sources: The larger portion of $29.91M, or 98.7% of its total budget was from the General Fund of which funds pay for 328 regular authority (positions), and 50 resolution positions. A smaller portion of $396.88 K, or 1.3% of the Department's total budget, came from Special Funds, which covered four regular positions.

The Special Funds total was derived from two (2) funding sources: The Animal Sterilization Fund of $265,030 thousand dollars and the Code Compliance Fund of $131,851.

2024-25 Funding Distribution by Program

The largest portion of the Total Funds, almost 50% or $14.54M covers the Shelter Operations and Animal Care Program. The second largest portion of the budget, $5.89M covers the Animal Control and Law Enforcement Program. The three (3) and equally as important remaining Department Programs were allocated between $3.58M to $3.00M: Animal Medical Services, $3.58M; General Administration and Support, $3.28M; and Community Engagement and Partnership, $3.00M.

Expenses

The Department's Expense totals $2.50 million. Its highest expense is $1.12M for contractual services, adding up to 45% of the total expenses. The second expense of $388.6 thousand covers Medical Supplies, and the third largest expense of $300 thousand is for Animal Food/Feed and Grain.

Underfunding

Additional funding would have improved overall conditions, had the City had those funds. The persistent underfunding of the Animal Services Department has created conditions at the shelters that have been critically highlighted in the *Los Angeles Times* and other news outlets. For example:

> *'It's Inhumane': Dogs At L.A. Animal Shelters Go Weeks Or Months Without Being Walked,* July 14, 2022*: https://www.latimes.com/california/story/2022-07-14/la-city-animal-shelters-dogs-sit-in-kennels-weeks-months-without-walks*
>
> *'Horrified': L.A. City Council Members Call For Action On Overcrowded Animal Shelters,* July 16, 2022*: https://www.latimes.com/california/story/2022-07-16/l-a-city-council-members-called-for-action-city-shelters*

> *LA Animal Services Officials Blame Staff Shortage, Pandemic Challenges For Issues At City Shelters,* July 20, 2022*: https://abc7.com/animal-shelters-la-city-council-concerns-emergency-meeting/12061158/*

Public Support

These exposés created strong support from the public and Neighborhood Councils for a significant increase in the operating budget of the Department to improve conditions in the shelters. Leadership of the Animal Services Department made adequate funding for the Department and shelters a top priority.

LAAS's ***proposed*** budget for fiscal year 2024-25 reflected this outcry, requesting $91,718,443. The Neighborhood Council Budget Advocates supported this request. See Budget Advocates Animal Services Department Report:
https://drive.google.com/file/d/1yXUcaZ0KB0fk4MyrIs34HLRjf1ZdxJAf/view

A large increase in funding was necessary to humanely and properly care for animals in the shelters and for the safety of people and animals throughout the City, due to severe underfunding of the Department for over 40 years. Rising costs and inflation have heavily impacted LAAS. Some animal supplies and veterinary care have increased in cost much more than general inflation, some items becoming several times more expensive than they were in 2018.

Despite the many news stories which highlighted the terrible conditions in the City shelters, the CAO (Chief Administrative Officer), Mayor, and/or City Council actually reduced the Department's budget from the inadequate 2023-24 fiscal year amount.

Shelter Conditions

As a result of the failure to adequately fund the Animal Services Department, conditions in the shelters have deteriorated and euthanasia has increased, including killing dogs for lack of space. See: *Mayor Bass Said She'd Save L.A.'S Shelter Animals. Yet, still more Dogs And Cats Are Dying,* https://www.latimes.com/california/story/2024-11-22/la-animal-shelters-more-dogs-and-cats-are-dying:

> "The number of dogs euthanized in animal shelters run by the city of L.A. has skyrocketed this year. From January to September, 1,224 dogs were euthanized at the city's six shelters — a 72% increase compared with the same period a year ago, according to a Times analysis. … About 1,517 cats were euthanized through September— a 17% increase from a year ago. … The city's euthanasia list, available on its website, shows that Jake and some other dogs are being sentenced to death not because they are seriously ill or arrive with severe behavioral issues but because the chronically understaffed and underfunded shelters cannot meet their basic needs."

According to LAAS's animal welfare consultant Kristen Hassen, Los Angeles City's Animal Services Department is among the lowest-funded large shelter systems in the country. *Id.* See also *L.A. Times Editorial: Let's stop killing animals in shelters and get more of them adopted out,*

12-18-2024: https://www.latimes.com/opinion/story/2024-12-18/los-angeles-animal-shelters-overcrowding-euthanasia: "Los Angeles Animal Services … is one of the largest shelter systems in the country and shamefully underfunded, according to advocates and rescuers and some elected city officials."

Cal/OSHA Citation

The severe underfunding of the Department of Animal Services was decisively brought home on December 17, 2024, when Cal/OSHA (California Division of Occupational Safety and Health) cited and fined the Department of Animal Services $563,250 for "willful serious accident-related violations" after an employee was mauled at the Harbor Shelter on May 31, 2024.[1] One of the key findings was that the City "failed to evaluate and mitigate risks caused by overcrowding, which led to employee injuries from animal attacks."

The overcrowding of animals means that the shelter was exceeding its capacity for care which includes not only an organization's number of humane housing units, but also shelter personnel, resources, and available outcomes.[2] This violation must be corrected, regardless of the City's financial health, otherwise the City risks future penalties by Cal/OSHA.

If the Department cannot provide enough employees to properly care for animals at maximum capacity for care (e.g., all available humane housing units occupied), then the Department may have to kill for space, an outcome which is directly contrary to the City's No-Kill policy. That is the choice facing the City – adequately fund the animal shelters in the 2024-25 budget or kill healthy adoptable animals![3]

Requested Budget for 2025-26

The Animal Services Department Requested Budget for 2025-26 asks for a moderate increase from the previous fiscal year budget. **The total requested departmental budget for 2025-26 is $34,884,699.** This is a very reasonable request, taking into account the City's dire financial condition, but also considering the chronic underfunding of the shelters for years, the overcrowded conditions, the insufficient staffing, the Cal/OSHA citation, and the life and death situation faced by dogs and cats in the City shelters. This amount is less than three tenths of one percent of the City budget (less than 0.3%), to care for all the animals in the City.[4] We very strongly recommend that this amount not be reduced!

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[1] Cal/OSHA cites Harbor Animal Services Center $563,250 for willful serious accident-related violations after worker mauled | California Department of Industrial Relations

[2] The Association of Shelter Veterinarians' Guidelines for Standards of Care in Animal Shelters, Second Edition, December 2022: View of The Guidelines for Standards of Care in Animal Shelters (see page 8).

[3] Another violation listed by Cal/OSHA was the "lack of an effective communication system [which] delayed critical emergency response and treatment for injuries." Given this violation, it is imperative that the City allocate money to purchase the 154 military grade radios for shelter and field staff to replace the current ones which have reached end-of-life and are no longer serviced by the manufacturer.

[4] It is less than half a percent of the General Fund.

Spay/Neuter

The Non-Departmental request for spay/neuter funding is for $12.2 million; $9.9 million for the Animal Sterilization Fund and $2.4 million for the Citywide Cat Program. This includes a $5.7 million increase for the Animal Sterilization Fund and a $1 million increase for the Citywide Cat Program compared to last year. While it is always better, and it always saves money in the long run, to spend more on spay/neuter, this is at least a significant increase. As discussed below and in the Addendum (https://www.tarzananc.org/assets/documents/1/committee679d5f2fdfd26.pdf), failure to provide adequate funding for spay/neuter is penny wise and 'pound' foolish. We very strongly recommend that this amount not be reduced!

See: *Failure To Provide Adequate Funding For Spay/Neuter Is "Penny Wise And 'Pound' Foolish."* October 14, 2024, https://www.citywatchla.com/animal-watch/29704-failure-to-provide-adequate-funding-for-spay-neuter-is-penny-wise-and-pound-foolish
Crucial City Funding: Spay and Neuter Saves Money and Lives, December 2, 2019, https://www.citywatchla.com/369-budget-advocates/18933-crucial-city-funding-spay-and-neuter-saves-money-and-lives?highlight=WyJtYXVzbmVyIl0=
See also Resolutions and Community Impact Statements passed by the Tarzana Neighborhood Council regarding adequate funding for spay/neuter, set forth in the Addendum at https://www.tarzananc.org/assets/documents/1/committee679d5f2fdfd26.pdf.

Food and Medicine

We strongly support the requested increase in the budget for the purchase of animal food and medicine. In the current fiscal year, the food budget was cut by $100,000, which represented a $220,000 *decrease* from the amount allocated prior to the pandemic. See the Addendum for a full discussion of this,
https://www.tarzananc.org/assets/documents/1/committee679d5f2fdfd26.pdf

The budget for medical supplies has not increased in over 10 years; in fact, in the fiscal year 2024-25 budget the total amount was *reduced* by $100,000. See the Addendum for details.
https://www.tarzananc.org/assets/documents/1/committee679d5f2fdfd26.pdf

Monetary Restraints Imposed By The City's Poor Financial Condition

LAAS's Interim General Manager Annette Ramirez, Assistant General Manager Curtis Watts, Senior Management Analyst Sharon Lee, and the other Animal Services Department employees who wrote the Proposed Budget have done a good job in creating a reasonable proposed budget, considering the monetary restraints imposed by the City's poor financial condition. While more money should be allocated to the animals of Los Angeles, particularly to spay/neuter, at the least, nothing should be cut from the Proposed Budget as it works its way through the appropriation process.

We completely agree with and support the following statement made by the Animal Services Department in its Proposed Budget: "We recognize that the current budget instruction calls for

budget requests to be cost-neutral through the use of offsets, but as a small Department with limited resources seeking to address a number of shortcomings, we do not have the capacity to suggest offsets at this time." Please keep this in mind as you review the Proposed Budget – offsets will result in the deaths and suffering of dogs, cats, and other animals and unsafe conditions in the shelters and streets of Los Angeles!

CONCLUSION

Despite being underfunded, the Animal Services Department's proposed budget is reasonable given the City's financial constraints. More money should be allocated to the animals of Los Angeles, particularly to spay/neuter. Nothing should be cut from the Proposed Budget as it works its way through the appropriation process. Even with the modest increases requested by LAAS, its operational budget will still be less than three tenths of one percent of the City budget (less than 0.3%), to care for all the animals in the City and provide safety to its residents.

CITY ATTORNEY

Meeting of December 11, 2024

ATTENDEES

Personnel: City Attorney Heidi Feldstein Soto, City Attorney office member Kevin James
Budget Advocates: Mihran Kalaydjian and Tina Moore-Yamron, Budget Representative

RECOMMENDATIONS:

- Enhance risk management efforts to reduce City liability
- Address technology needs
- Contract Outside Counsel to reduce in-house lawyers with heavy caseloads.
- Enhance and focus on restorative justice programs to reduce re-offenders and prosecution Costs

DISCUSSION

The mission of the Los Angeles City Attorney's Office is to serve the City by providing the highest caliber legal services, with clarity and consistency, promoting public safety, pursuing justice and equity in the City's criminal justice system, protecting the City's interests and protecting its people and communities from unlawful and unfair practices, and helping the City serve its constituents with integrity, accountability, efficiency and transparency.

The Office of the City Attorney (Office) acts as legal advisor to the City, prosecutes all misdemeanor offenses occurring within the city and defends the City in civil litigation. In addition, the Office initiates a variety of affirmative litigations, including actions to protect consumers and abate nuisances in Los Angeles' neighborhoods. The Office contains four branches: Municipal Law, Civil Litigation, Proprietary, and Criminal and Special Litigation. Attorney Feldstein Soto stopped no bid contracting and dissolved developer-drafted ordinances.

Feldstein Soto discussed the fact that while it seems that the city pays large settlements, sometimes a much higher dollar amount was sought. For example, a 38-million-dollar amount to HUD was an improvement on the $500 million dollar amount lawsuit sought.

Outside Counsel is sometimes sought, as it is necessary due to the hiring freeze, and it helps lawyers from carrying heavy caseloads. The office may be short about 80 lawyers. Also, addressing technology needs may assist in reducing the workload.

Budget

City Attorney's 2024-25 budget is about $178.34 Million (M) with an increase of about $9.96 M from the prior year. 92.8% of its total budget comes from the General Fund while 7.2% come from Special Funds. The largest Special Fund comes from the City Attorney Consumer Protection Fund of $3.65 M followed by the Cannabis Regulation Special Revenue Fund of $1.18 M. These, plus other 21 smaller funds total $12.77 M in Special Funds for this fiscal year.

Staffing
This fiscal year, the Office had budget allocations to hire 876 Regular personnel and 110 Resolution personnel, a decrease of 23 regular staff and an increase 9 Resolution staff from last fiscal year. The 22 regular positions dissolved were paid by the General Fund while one regular position dissolved was paid Special Funds.

The Office employs more than 536 attorneys and an approximately equal number of support personnel; it may be short about 80 lawyers

Expense
Out of approximately $9.86M allocated for Expenditures, almost 50% or $5.2M are for Litigation, and $2.84M are for Contractual Services while $1.49M are for Office and Administration Services.

Risk Management and Liability
The Office has reported on its progress with risk management, i.e., training other Departments to employ best practices to try to avoid litigation. The Office has identified high risk areas and needs to go back to that program, which is a partnership with the Mayor's Office, and Councilmember Krekorian, the LAPD, the LAFD, Sanitation and Public Works. The Office has three (3) employees devoted to risk management, two (2) attorneys and a support person.

Kevin James, from the City Attorney's Office, indicated that in theory, all employees are tasked with this. James also shared information about a bill currently in Sacramento which would essentially 'soft cap' damages for which the city may be liable.

Successes
Among its successes in the past year, the Office says it has survived – this seems to be a common thread this year among many Departments. The staff has done incredibly well and has continued to produce.

Additionally, as stated, the Office has successfully integrated and produced results in novel legal arenas that it has not previously been faced with, on top of its regular work.

Approximately 150 individuals were rescued from Human trafficking. Short term rentals known as "Party Houses" are being cracked down on by The Public Rights Branch.

Challenges
The city attorney's office is exploring ways to put insurance in place where possible. Finance bonds are also a consideration.
The 2024 budget year was noted as a rough year. It included historically some of the worst deficits.

CONCLUSION

The Los Angeles City Attorney' Office recognizes the importance of acknowledging, facilitating and demonstrating the values of Diversity, Equity, and Inclusion (DEI). As one of the country's largest municipal law offices serving the most diverse City in the nation, the office is proud to be leading the charge to implement structural improvements and DEI best practices that reflect change both inside the Office and in the City as a whole.

DEPARTMENT OF BUILDING AND SAFETY

Meeting of December 16, 2024

ATTENDEES

Building and Safety: John Weight, Executive Officer; Binh Phan, Permit and Engineering Bureau Chief; Ana Mae Yutan, Resource Management Bureau Chief; Catherine Nuezca-Gaba, Code Enforcement Bureau Chief; Allen Manalansan, Structural Plan Check Division Chief; Tony Pelaez, Acting Chief Management Analyst; Jason Valencia, Senior Management Analyst II.
Budget Advocates: Howard Katchen, Cindy Cleghorn; Budget Representatives: Philip Armstrong and Leslie Weisberg; Community Member: Stella Grey

RECOMMENDATIONS

For the City:

- Proactively implement a mechanism for data sharing and tracking among the Department of Building and Safety, the Housing Department, the Department of City Planning, and other City Departments for projects specifically including information for identifying and tracking covenants for low-income units.
- Fund the expansion of the Affordable Housing Tracking System to include all relevant data on a timely basis.
- Create an IT MASTER PLAN for implementation of tools and platforms that could be shared across all City departments, and that will ensure greater transparency, eliminate wasteful redundancy, and increase efficiency.
- Revise evidentiary requirements used by the City Attorney's Office for establishing a construction violation to include video, photographs, or other third-party evidence of violation to recover unrealized revenue.
- Codify commissioner training to guarantee universal literacy in department codes and regulations.
- The Department and the City consider incorporating a whole-City mindset to the budget rather than remain siloed in their respective approaches to revenue and expenditure.

For the Department

- Implement and apply a performance metric for low-income housing units, "Low-Income Housing Units Permitted," that is consistent with the definition of "Affordable Housing" in the 2021-2029 Housing Element.
- Integrate these performance metrics into the current Plan Check and Inspection System permitting system and the new LA City Permitting System.
- Implement new procedures for clearing low-income units with the Housing Department to ensure that identifying Housing Department project information is captured in the Plan Check and Inspection System and the new LA City Permitting System.
- For by-right mixed-income affordable housing projects, require the Structural Plan Check staff to inform the applicant of the requirement to record a covenant with LAHD for the low-income units.
- Enhance the current Plan Check and Inspection System permitting system and the new LA City Permitting System

- The Department and the City to consider budget when approaching long-range technology investments to efficiently maximize increasingly limited financial resources.
- Evaluate the actual comprehensive cost of collecting or settling a debt/lien as well as the cost of pursuing code violations that are resolved before a lien is filed. This evaluation should be included in the Department's current internal fee.
- Evaluate revenue lost in sharing fees recouped with a third-party debt collector.
- Evaluate whether dollars spent pursuing liens exceed revenue generated.
- Fund a training program for inspectors or fund a position (a biologist for example) where LADBS lacks necessary expertise, and is unable to enforce recommendations of other City Departments, whichever is more cost effective in the long run
- Establish policies to verify permit applicants comply with relevant requirements by all governmental entities prior to approval to proceed and allocate funds for this effort in the 2025-2026 fiscal year to ensure safety and compliance.
- Train LADBS commissioners to establish literacy in LADBS codes and regulations. Since all City commissioners undergo ethics training, we recommend they be trained simultaneously in codes and regulations relevant to their responsibilities. We also recommend that the requirement for training be codified in the Los Angeles Municipal Code.
- Evaluate the net effect on the Department of staffing the Disaster Recovery Permitting Center established after the Palisades Fire of January 7, 2025. We encourage the Department to repopulate LADBS with staff to sustain the Department's normal functions to avoid construction delays in unaffected areas of the city.

DISCUSSION

The Los Angeles Department of Building and Safety (LADBS) oversees planning and permits, renovations and new construction, inspections, complaints and code enforcement, property zoning and setbacks for the City of Los Angeles. It also deals with evolving codes, the need for improvements in its technological interfacing with the public, and the increased need for conservation and sustainability in our changing world.

Accountability and Transparency

Tony Pelaez of LADBS stated that the current Plan Check and Inspection System (PCIS) permitting system and the available reports do not capture the following data: the date when LAHD approved housing clearances for low-income units; whether projects received Transit Oriented Communities or Density Bonus incentives; whether they fell under LAMC Section 12.22.A.25 and required one of three types of review; and whether they are mixed-income projects or 100% affordable projects. Including these categories of data in PCIS and the new LA City Permitting System would allow LADBS to perform data quality checks, to deploy a performance metric for "Low-Income Housing Units Permitted," and to prioritize the development of affordable housing.

LADBS provided the Clearance Summary Worksheets for two specific projects in which final permits were issued. In our review of the first project, we found that LAHD electronically signed off for the low-income units in a 100% affordable project when a covenant had not been

recorded. Cases like this were difficult to detect because LAHD did not record any information on the Clearance Summary Worksheet to identify the specific covenant that was recorded. However, Marites Cunanan of LAHD said on January 7, LAHD will start adding the Contract Number/Agreement Number on LAHD's clearance for each affordable housing covenant recorded from January 1, 2025. To improve inter-Department collaboration, LADBS could provide reports back to LAHD on permit issuance for LAHD's portfolio of low-income units if LADBS captured in PCIS the Contract Number/Agreement Number from the clearance for each affordable housing covenant.

In our review of the second project, a mixed-income project, we found that LADBS in the Clearance Summary Worksheet did not ask for clearance requiring LAHD sign-off for the low-income units. Tony Pelaez of LADBS indicated that both projects, for which they provided the Clearance Summary Worksheets, were by-right, meaning that they were reviewed through a ministerial building permit process, and that LAHD is responsible for informing the permit applicant of the requirement to record a covenant for the low-income units. However, in cases like these two projects, in which either LAHD erroneously signed off on the clearance or LADBS erroneously omitted to ask LAHD for the clearance, the applicant would not be informed of the requirement to record a covenant.

The Bureau of Engineering's (BOE's) Affordable Housing Tracking System (AHTS) has the capability to incorporate complete information on affordable housing projects, including both those subject to and those that fall outside of the Mayor's Executive Directive 1 (ED1), accessible to the public, and with the status of entitlements, covenants, permitting, compliance, and all other applicable data continuously updated by LADBS, LAHD, and Department of City Planning. LADBS and all of the Development Services are involved in entering their own respective information into AHTS.

In a December 30 meeting, Sonia Nanda and Essam Amarragy of BOE explained that AHTS was started on March 13, 2023 to track data for all Development Services in order to develop, expedite, and meet the requirements for Affordable Housing projects. In addition to tracking LADBS information on permits and City Planning information on entitlements, AHTS includes a field that allows the LAHD staff to enter the covenant Housing Management Information System (HIMS) project number, potentially linking LAHD's covenant file to the LADBS permit file.
The question is whether it would be possible to use AHTS prospectively as a metric, to track and compare fiscal year over fiscal year the number of Affordable Housing projects submitted to the LADBS Affordable Housing Section in the different categories, including projects receiving Transit Oriented Communities or Density Bonus incentives, and the number of those projects that go on to have covenants recorded and permits issued and the time frames. They plan to get the relevant stakeholders together on a call to discuss this.

Technology and Innovation

At a recent Plan Check LA meeting, LADBS presented its new interactive map application, ATLAS. The presenter stated that the existing websites will remain live.

The following products are currently used by LADBS:

1) LADBS Online Building Records that allows users to access historical building records for properties in the City of Los Angeles;
2) ePlanLA designed to enable customers to submit project plans, drawings, and other construction documents electronically for plan check and permit applications;
3) Public Counter Information System (PCIS) designed to provide the public with real-time access to information related to permits, inspections, and code enforcement activities;
4) Code Enforcement Information System (CEIS) designed to track and manage code enforcement activities related to properties in the city;
5) Permit LA that provides a platform for obtaining express permits for simple projects that do not require a plan check;
6) LADBS Go, mobile application designed to provide residents, developers, contractors, and other users with convenient access to a range of building and safety services within the City of Los Angeles;
7) Building Information Online (BIO) that was upgraded and is now called Atlas. This is a broader than Online Building Records tool for accessing current and historical building-related information about a property; and
8) additionally, each City department has its own GIS platform.

Each of these tools/applications requires funds for labor cost (developers, IT support), infrastructure cost, licensing fees, etc.

The first step is currently underway to consolidate three existing applications: PCIS, CEIS, and PCAM (Project Case Management) Program. This phase is in its 5th month of development and is expected to be completed within five years. If successful, other City departments may follow suit.

Since 2019 the BuildLA.lacity.org portal has integrated various city departments and services involved in construction, planning, and permitting. Services such as ePlanLA, Online Permits, LA Al Fresco, and some others are already linked to it. It is expected that if successful, Clariti will live under the BuildLA platform.

Collection of Code Violation Fees

Code violation investigation and fee assessment is funded by the General and Enterprise Funds of the Code Enforcement Bureau. Homeowners/property owners are invoiced for fees owed and for cost recovery. Cost recovery fees accrue over time. Cost recovery is built into the Administrative Code and the Building Code. The Office of Finance, or a 3rd party outside vendor, pursues/collects the debt. When the Department is unable to recoup the debt, they refer the lien to City Council for collection.

When the Department must do physical work on a property - such as fencing or demolition and engage an outside contractor- an additional 40 percent administrative fee is assessed. Fees assessed by LADBS support the cost of pursuing liens. Recovered fees go to the City's General

Fund - Office of Outside Revenue. The Department does not impose punitive measures to force compliance with the code.

Transparency and Inclusion

In the 2024-2025 White Paper Budget Advocates recommended LADBS "fund public engagement opportunities for organizations, businesses and residents to provide early, ongoing and meaningful input into the functionality, accessibility and implementation of the new LA City Permitting system".

Very limited outreach was made by the Technology Services Bureau to professional organizations such as The American Institute of Architects (AIA).

The LADBS newsletter has served as outreach, buy more could be done including outreach to reach groups such as Neighborhood Councils and their Planning and Land Use Committees. The community, especially planning and land use committees (PLUs) of neighborhood councils, are important stakeholders for LADBS. PLUs accumulate a vast body of information related to all phases of development and construction and interpret it from a unique vantage point.

The Department is encouraged to engage members of community organizations with PLU expertise to obtain feedback on functionality, content and ease of use of Clariti and any other software platforms they implement.

Collaboration among LADBS and City Departments and other Agencies

Further, Budget Advocatess recommended LADBS "establish policies to verify permit applicants comply with relevant requirements by all governmental entities prior to approval to proceed." This applies, among other requirements, to positive verification of compliance with AQMD Rule 1403 for Asbestos Emissions from Demolition/Renovation Activities, and to positive verification of the presence of protected trees and shrubs with the Urban Forestry Division (UFD), instead of relying solely on the permit applicants' expertise and integrity.

LADBS collaborated with UFD in 2024 to clarify existing plan check procedures, but no significant revisions have been made and the City is unable to meaningfully enforce the Protected Tree Ordinance.

So far, no attempts have been made in collaborating with AQMD.
Budget Advocates again would ask that "before permits are issued, applicants must submit to Plan Check documentation of all necessary LAFD and/or AQMD compliances, confirmation of asbestos clearance, Urban Forestry Division evaluations of protected trees on the lot, and Department of Public Works determinations on street impacts."

Enforcement of Recommendations from other City Departments

LADBS is the lead agency that, among other things, inspects construction to enforce its compliance with the "approved by plan check" set of documents.

Some requirements imposed on projects by third parties, such as other City departments, are not enforced by LADBS during construction for two main reasons: an absence of expertise at LADBS and lack of integration of these requirements into the approved set of construction documents.

Examples of such requirements include: 1) Mitigated Negative Declarations (MND); 2) Zoning Administrator Determinations (ZADs); 3) Conditions of haul route approvals by the Board of Building and Safety Commissioners (BBSC/LADBS); and 4) Conditions of approval by the Urban Forestry Division of the Department of Public Works (UFD/DPW)
These documents are not usually integrated into the approved construction set, meaning LADBS inspectors are often unaware of the requirements and conditions that need to be enforced. Even if LADBS possesses the expertise to enforce some conditions, inspectors may not recognize the need to do so.

Building and Safety Commissioners Relevant Expertise and Required Training
In the previous White Paper, it was recommended that funds be allocated for Building and Safety Commissioners to undergo training in the relevant codes and regulations. Currently, there is no requirement for Building and Safety Commissioners to complete continuing education coursework relevant to their appointment as Commissioners. This proposal doesn't allocate funds for mandatory training. This should include knowledge of the relevant codes and regulations when they are appointed and as needed but not less than annually thereafter given the rapidly evolving technologies and requirements affecting building and safety. This is especially urgent given that the Commission is often an appellant's last resort and decisions rendered are final.

Staffing
The Department continues to fill vacant positions through Civil Service hiring, with an emphasis on filling positions in the Department's core operations of permitting, inspection and code enforcement. In FY 2025-26 LADBS is requesting new funding and resolution authority for nine additional positions. There were 64 listed open positions in the Department as of October 31, 2024. The Department had 428 filled positions, 77 vacant positions, and 63 positions in the process of being filled.

CONCLUSION
Given the City's financial constraints, a whole-City budget strategy is essential to optimize resources, improve efficiency, and enhance data sharing across City departments. Strengthening affordable housing tracking, modernizing permitting systems, and refining code enforcement will drive greater compliance and financial sustainability. There needs to be a more integrated, transparent, and accountable approach to LADBS operations.

Investing in staff training, community engagement, and interdepartmental collaboration will ensure LADBS can effectively support development while upholding safety and regulatory standards. By implementing these recommendations, the City can improve efficiency, reinforce public trust, and better serve residents and businesses in a rapidly evolving urban environment.

DEPARTMENT OF CANNABIS REGULATION

Meeting of December 11, 2024

ATTENDEES

Department of Cannabis Regulation: Michelle Garakian, Executive Director; Jason Killeen, Assistant Executive Director; and Zachary DeCorse, Chief Management Analyst
Budget Advocates Jay Handal and Cindy Cleghorn

RECOMMENDATIONS

- Expand programs under the Social Equity Program (SEP) including Business, Licensing, and Compliance (BLC) Assistance services.
- Boost coordination of enforcement of illegal cannabis operations with LAPD and the City Attorney's office.
- Enhance outreach by DCR Neighborhood Liaisons in local communities.

DISCUSSION

The Department of Cannabis Regulation (DCR) develops rules and regulations to implement local and state law pertaining to cannabis use, administers the application, licensing, renewal, and revocation processes for cannabis businesses, and coordinates with other City departments to ensure timely completion of inspections, audits, and associated functions.

Funding

89 percent of the Department's $9562,179 budget is from the Cannabis Regulation Special Revenue Fund. 11% is from the City's General Fund, representing a $977,720 increase in the 2024-25 budget from the 2023-24 fiscal year. The State of California matches some of the Department's funding

Staffing

The Department has 48 Regular and 15 Resolution staff for the 2024-2025 year, 18 fewer Resolution staff from the previous budget year. All staff work to develop, and enforce local and state Cannabis rules and regulation, and then to license cannabis operations. There are seven types of cannabis license with a focus on retail operations, DCR's key priority.

Social Equity Program (SEP)

The Social Equity Program provides priority licensing and assistance to individuals impacted by the War on Drugs. These individuals have arrest histories related to cannabis and largely reside in low-income communities.

Expanded Programming

If funding is available, the Department would increase several programs including Coaching to SEP applicants, leading to their licensing to participate in cannabis operations The Department would expand the Learning Management System (LMS) from 6 to 33 courses. Also, they would

offer 28 webinars, up from five. They would host larger-scale events, hosting over 100 attendees each. Further, they would provide Pro Bono Legal Services for 31 Social Equity applicants.

To provide these services, DCR is requesting $500,000 from the City's General Fund. This amount meets the state's 1:1 matching requirement, allowing access to $1 million in California Equity Grant (CEG) funding.

If $3 million were allocated instead of $500,000, DCR could unlock the full $3.5M in state funds.

Enforcement of Illegal Operations

Addressing illegal cannabis operations remains an ongoing challenge. Illegal operations are enforced by LAPD and the City Attorney's Office. DCR collaborates with these agencies, but does not handle the enforcement actions itself.

Neighborhood Liaisons

Concerns were raised about DCR Neighborhood Liaisons being relatively unknown within local communities. DCR noted that public community meetings are held, with meeting dates and agendas distributed to stakeholders.

CONCLUSION

The Department could have a potentially transformative impact if greater funding were allocated to the Department's Social Equity Program (SEP), including robust expansion of Business, Licensing and Compliance (BLC) programming and more equitable support for Social Equity Applicants.

OFFICE OF THE CITY ADMINISTRATOR AND HOMELESS INITIATIVE

Meeting of December 6, 2024

ATTENDEES

Office of the City Administrator: Matt Szabo, City Administrative Officer; Patricia Huber, Executive Officer; Ben Ceja, Assistant City Administrative Officer; and Edwin Gipson, Assistant City Administrator-Homeless Crisis, and Jacob Wexler, Finance Specialist V

Budget Advocates: Barbara Ringuette, Kay Hartman, Tony Michaelis, and Glenn Bailey

RECOMMENDATIONS

- Follow-through with a multi-year plan for Capital Infrastructure
- Restore the Reserve Fund above 5% of the total Budget as soon as possible
- Develop more realistic liability estimates with the assistance of the City Attorney
- Prioritize staffing the Personnel Department to expedite critical hiring
- Budget for more realistic salary estimates in years of contract negotiations with city employee unions.

RECOMMENDATIONS RELATED TO HOMELESS INITIATIVE

- Require a dashboard and better data from LAHSA
- Join with the County to explore taking over services from LAHSA
- Apply for grants to maximize availability of services
- Create a 5-year plan, a Marshall Plan for transitional housing
- Bring smaller, more specialized service providers to expand the provider network

DISCUSSION

The City Administrative Officer (CAO) is the chief financial advisor to the Mayor and the City Council reporting directly to both. The Office studies and makes recommendations on the City budget. The Office represents management in negotiating all labor contracts, coordinates grants, provides oversight of the City's homelessness response, and performs other duties required by the Mayor and City Council.

The 2024-25 budget for the Office of the City Administrator is $32,56,199 of which 91.7% is from the General Fund and 8.3% from Special Funds. The 2024-25 budget is $6,108,252 lower than the 2023-24 budget. One-time reductions were taken in some expense accounts. The homeless outreach function was transferred from the CAO to the Bureau of Sanitation.

Office Staffing

The loss in Office positions was hard. One position had already been targeted for elimination. Staff were shifted to manage the workload. Some things will move more slowly due to reduced staffing.

City Budget Outlook

The Adopted City Budget for 2023-2024 was $13,145 million while the Adopted City budget in 2024-2025 is $12,897 million, a reduction of 1.9 percent.

The CAO has advised there will be gaps in revenue funding for the next three years followed by a surplus in the fourth year. Importantly, the City's Reserve Fund should be replenished as soon as possible as possible to prepare for any emergency.

The current outlook is built into the expenditures. Labor contracts run 4 or 5 years. Typically, only settled agreements are reflected in the final city budget, although some assumptions can be made. Pending negotiations with labor unions are not reflected in the budget, which could affect the anticipated surplus four years out.

An anticipated overall increase in costs was accounted for in the budget. Everything other than liabilities was relatively stable, and manageable within the budget.

City Liabilities

The most significant challenge to the current year's budget is the dramatic spike in liability claims coupled with the magnitude of these claims. There was some increase in claims two years ago with more substantial increases last year. The CAO sees this as a trend with the City spending a lot more money on liabilities, all of which is from the General Fund.

The City is proposing an $80 million bond measure to cover the unexpected liability. Consulting with the City Attorney during budget talks and adjusting the liability figure in the budget would better reflect the anticipated liability expense.

As directed by the City Council, the CAO and the City Attorney must work together on strategies to preempt liabilities, to reduce the liability risk. The City has the ability to prioritize capital investment for correcting dangerous conditions such as improving maintenance of infrastructure, especially streets and sidewalks, thus preventing casualties and liabilities.

The CAO and City Attorney will work with the Police Commission to develop strategies in their management of LAPD to reduce liabilities. particularly to follow policies in the use of firearms as well as to improve the culture within the department. Both have resulted in large settlements.

Departments should be informed as to what their liabilities cost the city and should be incentivized to reduce them. The focus needs to be on the Departments to take responsibility for mitigating exposure to liabilities.

Homeless Initiative

Tackling homelessness is a massive, city-wide program. Most City Departments have a role in planning for homeless solutions with multiple analysts working together on various aspects. The City is coordinating with the County to address the multiple challenges of homelessness and working with Los Angeles Homeless Services Agency (LAHSA), a Joint Powers Authority

created by the City and the County to act on the behalf of both entities to address homelessness.

The CAO has expanded its staff to address homeless budgeting matters, now at 16 positions, and has regularized the position of Assistant City Administrative Officer to oversee the City's homeless response.

Revenue

The State of California awarded the City of Los Angeles the Homeless Housing, Assistance and Prevention Program Round 4 grant in the amount of $143.6 million. That amount is being used to support interim housing operations, outreach public health services, hygiene facilities, programs for youth experiencing or at risk of experiencing homelessness and other services. The City collaborates with the County of Los Angeles and with Los Angeles Homeless Services Authority (LAHSA) on homeless matters.

The City has applied for a Round 5 grant in the amount of $164.3 million. These funds would be applied towards continuing shelter operations and those services provided under the previous Round 4 grant. Fifty percent of these funds would be obligated by June 30, 2025, and 100 percent will be expended by June 30, 2026.

In addition, the California Interagency Council on Homelessness awarded the City $2.4

Million from the State Encampment Resolution Fund (ERF) to support efforts in reducing Vehicular homelessness. The effort will incorporate Citywide RV Homeless Strategies identified by the Outreach Team in the CAO's Homelessness Crisis section.

35 percent of funds from Measure A, passed by County voters, are allocated to the City.

In addition to state and County funds, General Fund money is allocated to programs for the homeless. Very little money to support homeless programs comes to the City directly from the federal government.

The City could identify and apply for grants that may increase funding for homeless-related services.

Los Angeles Homeless Services Agency (LAHSA)

The CAO oversees the Homeless Initiative, evaluating LAHSA's requests for funding, LAHSA provides direct services for the homeless. The City provides funds to LAHSA for its programs and the County does as well. LAHSA records data and tracks each homeless individual through its Coordination of Care services.

It has been an ongoing challenge to get statistical data from LAHSA. While the Agency is developing a dashboard and a housing inventory, they are not yet on line. The County conducted an audit which confirmed the same concerns that the City has experienced.

Both the County and the City are considering reducing their contributions to LAHSA in favor of providing their own services. A concern is that separating from LAHSA may result in less funding for the City's homeless services than currently is provided.

LAHSA works with the City on the Mayor's Inside Safe program. The Inside Safe outreach workers are paid both by LAHSA and the City.

Lacking data, it is difficult to plan, much less to develop a multi-year plan to move the homeless from the streets into housing. Developing a 5-year plan to develop interim housing may promote the chance of success.

Agencies providing services for the interim shelters have requested increases in their daily rate and threatened to end their contracts. While they are correct that the County pays more for services, the service providers must maintain leased County properties. The City owns the properties where shelters are located, and it is the City that is responsible for maintaining them, not service providers. The City has negotiated raises in daily rates with a partial increase in January and an additional increase effective the first of July.

The 50 agencies providing services are now working at capacity. Additional service providers are needed. It is challenging for smaller agencies to work with LAHSA. Smaller agencies may do one or more things well, whereas larger agencies have the capacity to provide many different services. Smaller agencies providing specialized services need to be brought into the LAHSA network.

CONCLUSION

The City is experiencing a budget shortfall that has become much larger than when the current budget was approved. Nonetheless, the Office of the City Administrator as well as the entire City is actively moving ahead to address the shortfall while maintaining City services including the City's response to the Homeless Crisis.

OFFICE OF THE CITY CLERK

Meeting of December 3, 2024

ATTENDEES

Personnel: Petty Santos, Executive Officer; Melvin Cañas, Neighborhood Council Funding Program Manager; Michael Lektorich, Election Division; Ed Moreno, Administrative Services Division Manager.

Budget Advocates: Mihran Kalaydjian, Brian Allen and Garry Fordyce

RECOMMENDATIONS

- Extend focus on retention of existing employees to maintain institutional memory
- Incorporate financial operations of the Congress of Neighborhoods and the Budget Advocates into the Neighborhood Council Funding portal
- Develop better training of Neighborhood Council board members regarding financial responsibilities and authorities

DISCUSSION

The mission of the Office of the City Clerk "is to facilitate and support City legislative processes and meetings, record and provide access to the City's official records, preserve the City's history, support economic development, and conduct elections with integrity."

The City Clerk considers its customers to be the City's elected officials, City departments and their staff, the public, candidates for City office, City of Los Angeles voters, regional county and municipal governments, the business community, and community-based organizations.

Review of the operations of the City Clerk's office finds it continues to rely on the Department of Neighborhood Empowerment (DONE) to monitor and guide the 99 individual Neighborhood Councils (NCs) and their policies and procedures.

At this time financial oversight of the special funds for the Congress of Neighborhoods and for Neighborhood Council Budget Advocates remains with the Department of Neighborhood Empowerment. However, oversight of Neighborhood Council funding has been transferred from DONE to the Office of the City Clerk. This creates unnecessary complexities that could be easily resolved by also transferring responsibility for the two special funds to the City Clerk.

The Office of the City Clerk maintains the administrative activities for the City Council and its committees, ensuring compliance with the requirements of the Brown Act for all postings of their public meetings.

An important part of the Office's responsibilities includes maintenance and retention of all City departments' records. Though the Office of the City Clerk maintains accounting for a number of

accounts within the city it does not make payments since that function is the responsibility of the Office of the City Controller.

Budget

For Fiscal Year 2024-25, the City Clerk's Office total budget allocation was $20.09 Million (M) that paid for 115 personnel. This budget was a decrease of 89 thousand dollars from the previous fiscal year's budget and a reduction of two positions.

Funding

The Clerk's Office largest source of funding is the General Fund, totaling $18.98 M. This is followed by the Business Improvement Trust Fund contribution of $965 thousand.
Thirdly, the Cannabis Regulation Special Revenue Fund contributed $73.8 thousand
Lastly, the Solid Waste Resources Revenue Fund and the Sewer Operations and Maintenance Fund, each contributed an equal amount of $36.89 Thousand.

Staffing

To compensate for the staffing shortage, employees are doubling up by filling in for missing supervisors and working overtime. For example, the Mayor's Inside Safe program is mostly staffed through overtime.

Attrition mostly comes from people who join and then leave quickly. Some people find working with elected officials stressful. There is also normal attrition through retirements and transfers.

Expense

As noted in the City Administrator Office White Book, the largest budgeted expenditure for the City Clerk's Office this fiscal year is $4.3 M for Elections. Also, the Clerk's Office spent $552 Thousand for Contractual Services, while Office and Administrative expense is budgeted at $71.1 Thousand.

Neighborhood Council Elections

Thorough review and compliance with NC bylaws show the two are weak. The unique election standards (which do not comply with Federal law) make it difficult to develop conditions of efficiency from election to election.

Neighborhood Council funding reps, from the City Clerk's Office, need better training to assure that all Neighborhood Councils receive the same advice for the same actions and advice that is detailed and consistent. New employees would benefit from establishing more training specific to their assignments.

There is no evidence that training is in place or planned to address these issues and, specifically, to standardize ~~bring~~ voting policies and procedures. Too much unnecessary cost is being incurred due to special voting conditions that allow for different results than any other Federal, State or local elections.

Rather than providing more funding for a program that does not improve over time, the City Clerk should first ensure that employees are thoroughly trained and have the necessary technology to assist Neighborhood Councils with the rules and procedures for elections.

This improvement would place employees and NCs on the same page to conduct successful elections. Embracing a consistent process that both the public and the NCs can respect, the election effort may enhance public participation.

Challenge

Payroll for employees who work for elected officials and those in the Civil Service are completely different, creating challenges for the new Human Resources Payroll process. The new payroll process is off-the-shelf and, while customizable, it functions well for the various classifications of Civil Service employees as prescribed in the Memoranda of Understanding negotiated with the City's labor unions. However, there are challenges for the application's handling of both the Civil Service employees and those who work in the offices of the elected officials.

Training

Training is centered around standard materials offered by the Personnel Department. The City Clerk supports its employees taking offered classes if they align with their work, but it would make more sense for the City Clerk to develop City Clerk-specific courses. While the City Clerk's office has a handbook detailing Neighborhood Council funding procedures, there is a lack of hands-on proficiency. Only one staff member has more than a year's experience in handling the complexities of Neighborhood Council funding.

The City Clerk supports remote work by its staff but makes sure it doesn't compromise services. Each division has people working from the office every day, more-so during election periods, however office space is limited. There are discussions underway about hoteling people and reconfiguring offices to accommodate more employees.

The Office always feels understaffed due to hiring challenges. The City Clerk continues to do everything assigned to it without the staff, it just takes longer.

CONCLUSION

The Office of the City Clerk is responsible for many and varied city functions including maintaining administrative operations for City elections, NC elections as well as managing the NC funding system. It also oversees the financial operations of the various Business Improvement Districts.

CITY COUNCIL

Council District 7 Meeting of November 4, 2024
Council District 11 Meeting of November 19, 2024
Council District 5 Meeting of December 13, 2024

ATTENDEES

City Council District 7: Sean Starkey, Policy Director; Kristina Flores, Senior Legislative Deputy
Budget Advocates: Elaine Alaniz, Adriana Gomez, Kay Hartman, Connor Webb; Budget Representative Gabriel Avelar

City Council District 11: Kevin Brunke, Legislative Deputy
Budget Advocates: Kay Hartman, Connor Webb

City Council District 5: Rebecca Rasmussen, Legislative Director; Haley Martinez, Field Deputy
Budget Advocates: Kay Hartman, Connor Webb

RECOMMENDATIONS

- Collaborate with the Mayor to enhance transparency in the Inside Safe initiative.
- Postpone the Convention Center renovation until after the 2028 Olympics.
- Partner with the City Controller to improve public access to discretionary expenditure data.
- Present the Chief Legislative Analyst budget separately from the overall City Council budget for greater clarity
- Coordinate with the City Attorney to assess pending liabilities, estimate their financial impact, and incorporate them into budget planning.
- Restrict borrowing to capital improvements that actively reduce financial liability

DISCUSSION

The Los Angeles City Council serves as the legislative branch of the City government, with 15 Council Districts (CDs), each represented by one elected Councilmember.

The Mayor is responsible for releasing the annual budget on or before April 20. Following this, the City Council's Budget and Finance Committee conducts hearings and typically makes only minor modifications before adopting the budget. The City Council must approve the final budget by June 1, after which the Mayor has five working days to sign or veto it. Overriding a mayoral veto requires a two-thirds vote of the City Council. Once finalized, the new fiscal year budget takes effect on July 1.

City Council Budget

The City Council's budget includes funding for the Chief Legislative Analyst (CLA). For the current fiscal year, the combined budget is $37.16 million, nearly the same as the 2023-2024 budget of $37.86 million, but 25% lower than the actual 2023-2024 expenditures of $49.83 million. This raises the question: How did the City Council exceed its budget by such a large

margin? The discrepancy is due to how funds are accounted for in the budget. As the City Council spends money from the General City Purposes Fund (GCP) and other sources, those funds are transferred into the City Council's budget. This process makes it difficult to fully understand the City Council's budget at the time it is initially prepared.

Additionally, the City Council budget includes $48 million in other costs, such as pensions, human resources, building services, utilities, and more: these are detailed in Exhibit G of the Budget White Book. About 53% ($25.3 million) in Exhibit G costs fall under "Other Allocations" which originates from sources like GCP, the Unappropriated Balance (UB), and capital projects. These numbers are initially estimated in the budget and later transferred into the City Council's budget once their use is formally approved.

The General City Purposes (GCP) includes the following allocations:

- $17 million for Additional Homeless Services, unchanged from the 2023-2024 budget but $38 million less than the 2022-2023 budget
- $15 million for Council Projects ($1 million for each Council District), a continuation from the previous years but decrease from past budgets where allocations reached up to 2 million per district in 2022-2023, this amount was categorized as Council Community Projects and totaled $15.5 million.
- $187,000 for Special Event Fee Subsidies, the same as the previous year's budget

The City Council budget lacks transparency, making it difficult to fully grasp how funds are allocated. Key concerns include:

- How much of the budget does each Council District receive? While each Council District receives an equal share of portions of the City Council budget, the actual amount is funded from the Chief Legislative Analyst (CLA), but the breakdown is not explicitly detailed.
- What are the projected amounts for the various funds to which various Council-controlled funds? Council Districts have access to different funding pools, but these are not distributed equally- allocations are based on district assets rather than a uniform formula. Without clear estimates, stakeholders have no way to accurately assess the true financial picture of the City Council budget.
- What is the final amount each Council Office receives from Exhibit G allocations for items such as pensions and utilities? The breakdown per Council Office is not readily available.

While some figures in the budget are only estimates at the time of approval, the entire budget is essentially an estimate, making it all the more important to present a clearer financial picture to the public.

This fiscal year presents significant challenges for the Council Offices, impacting core services. For instance, funding for tree trimming, which was previously included as a line item that

Council Offices could use as needed, has been removed from the budget limiting the ability to address such maintenance on demand.

Council Offices use their discretionary funds for various essential services, including tree trimming and sidewalk repairs where regular maintenance falls short, managing restaurant access on the Venice boardwalk, maintaining the Braude bike trail, and supporting homeless services.

Discretionary expenditures exceeding $30,000 require approval by through City Council motions, which are intended to provide transparency. However, the current system remains difficult to navigate, making it challenging to track specific motions authorizing discretionary spending. To improve accessibility and accountability, stakeholders would benefit from a dedicated data site on the Controller's website, allowing the public to easily monitor discretionary expenditures.

Additionally, Council file management could be significantly improved. The current system to sort does not allow sorting by Council District, limiting usability. Enhanced tagging and categorization would improve transparency, making it easier to track and analyze Council actions.

Liability Claims

The City should review its policies to identify ways to reduce liability claims. One approach used in Pasadena requires sidewalk repairs whenever a property changes ownership. The North Westwood Neighborhood Council is exploring a "pay at exit" model, where the City funds necessary repairs upfront and property owners reimburse the costs upon transferring ownership. Implementing similar strategies could help minimize risk and long-term costs for the City.

To make informed decision and allocate resources effectively, the City Council needs better data to liability claims. Key questions that require answers include

- What are the trends in liability claims?
- Which claims are scheduled to be heard soon?
- What are the estimated payouts for resolving claims this year?
- What new claims are being filed?
- Which cases are being handled by in-house counsel versus using outside counsel?

Having access to this information will allow the City Council to act proactively, improve budgeting, and implement policies that help reduce liability. Liability data should be used to ensure recurring issues are properly addressed. For example, if a sidewalk is fixed following a liability claim, the City should verify that the same issue does not reoccur. If does, further investigation is needed, perhaps training on proper sidewalk repairs needs improvement to prevent similar claims in the future.

This data can also highlight the consequences of deferred maintenance demonstrating that postponing repairs often leads to higher costs and greater liabilities over time.

Moreover, a data- driven approach would allow the City to better estimate liability payouts for the next fiscal year, leading to more accurate budget planning.

Currently, the City Attorney's Office is underfunded, which forces the City to hire outside counsel to handle claims further increasing costs. The city faces an estimated $300 million in liability payouts this fiscal year, but the actual total could climb closer to $500 million.

Liability claims, such as trip-and-fall settlements from broken sidewalks, are paid from the General Fund, money that could otherwise be spent on actually fixing the sidewalks rather than paying off claims.

Councilmember Parks supported borrowing to cover liability claims, but she prefers borrowing for capital improvements rather than short term fixes. While borrowing now may reduce immediate financial strain, it delays tough decisions and shifts the burden to future budgets.

Although borrowing for liability payouts is not yet finalized, the City must prevent further depletion of the Reserve Fund this year and next. Moving forward, borrowing should be strictly limited to capital improvements that actively reduce liability, rather than using borrowed funds to cover settlements.

<u>Infrastructure</u>

A clear capital improvement plan is needed to effectively address sidewalks repairs, as the current Willits settlement alone is insufficient. Constructing a new a wheelchair ramp costs between $30,000 to $50,000, further emphasizing the need for a long-term strategic investment approach. The Mayor's Executive Directive 9 (ED-9), *"Streamlining Capital Project Delivery and Equitably Investing in the Public Right-of-Way* ", is a step towards developing such a plan. However, it is important to clarify when the plan will be completed and what its specific goal will be, including a focus on sustainability.

A key question remains: Where will the funding for critical infrastructure repairs come from? Should the city consider a new revenue source, similar to Measure A or ULA, dedicated specifically to infrastructure improvements? If a new funding is pursued, it is essential to ensure equitable allocation of resources to prevent disparities in sidewalk and infrastructure improvements across different communities.

Given the City's current fiscal situation, it is essential to review services to ensure focus on core responsibilities. Additionally, efforts should be made to avoid duplicating services already provided by Los Angeles County, ensuring resources are used efficiently.

Paying for New Labor Contracts

Funding for new labor agreements is reserved within the Unappropriated Balance (UB). While, money was set aside for LAPD raises, it was insufficient to fully cover the agreed-upon increases. These labor agreements should be viewed within the broader context of rising public safety and labor costs at both the regional and national levels. However, future labor agreements must remain financially responsible, ensuring that they do not exceed available funding or push the City into a deficit.

The salary of Police Chief McDonald's drew significant public attention. While the City sets a salary range for all General Managers, his pay falls at the top of the approved range, but does not exceed it. It was noted that his salary is comparable to those in other major cities. Initially, Chief McDonald was offered an annual salary of $507,509 per year, but the Police Commission reduced it to $450,000. In comparison, the average salary for a police chief in California is $340,265. However, cities like Oakland and Hayward each pay their police chiefs over a half million dollars, making McDonald the third-highest-paid police chief in California, even after the $57,509 reduction.

Emergency Management

The Emergency Management Department (EMD) acts as a facilitator rather than a direct responder, working closely with the departments responsible for handling emergencies. The City relied on EMD more frequently than is widely recognized, following a model distinct from other cities. Every five years EMD releases a hazard mitigation plan, which is an ongoing process requiring collaboration with Los Angeles County. This partnership is essential, as many fires prone areas in the region are located on County-managed land.

Council District 7 plays a key role in disaster preparedness, leading evacuation drills, advocating for brush clearance and wildfire mitigations and assisting with horse evacuations in high-risk areas.

Homelessness

The Council Offices hold differing opinions on the level of transparency within the Inside Safe program. Some express concerns about immitted insight into its operations, citing gaps in the data, such as occupancy rates for Inside Safe units. Others believe the available reports provide sufficient information for oversight and decision making.

The City funded twenty Family Resource Centers, yet their impact largely goes unrecognized. The Community and Investment for Families Department should enhance outreach efforts to highlight these centers' contributions. The work being done aligns with public priorities, and greater visibility would help demonstrated the department's effectiveness in serving the community.

Olympics

The LA28 committee is responsible for developing and managing the Olympics budget, with expenditures submitted to the City Council for approval. So far, spending has primarily covered

salaries, but other expenses are expected to increase as the event approaches. Other spending will ramp up as we approach the date. Given that the Olympics is a nationwide event, there is an expectation that federal funding will support security costs.

However, the City Council lacks sufficient oversight of the Olympics budget. If the Olympics event fails to break even, the City will have to make up the shortfall. To protect taxpayers. The Council should have the ability to have greater insight into the budget and the ability to make recommendations.

Despite the concerns of the City Administrative Officer (CAO) and the Chief Legislative Analyst about the feasibility, the City Council approved around $54.4 million for a study to upgrade the Convention Center before the Olympics. Councilmember Rodriguez was the only member to vote against borrowing for the project. While she agrees that updates are needed, she opposes rushing the process. Additionally, the LA28 Olympics will not hold events near an active construction zone meaning delays could put all events in the L.A. Live area at risk if the work is not completed on time.

Given the proximity of the Olympics and City's ongoing infrastructure challenges, this may not be the right time to pursue a Convention Center renovation. Not only are we too close to the Olympics, the City does not have the money to maintain our infrastructure. Instead, prioritizing essential services that directly impact Angelinos' daily lives should take precedence.

Other Issues

Implementing multi-year budgeting can provide significant advantages. Short budget cycles limit long-term planning, making it difficult to address broader strategic goals.

Additionally, Civil Service reform is essential. The city must address challenges such as open hiring versus promotion-based hiring and streamline processes to make hiring more efficient. When prioritizing critical hires, while closing open positions, Personnel was not included in that, but it should have been included, as an effective hiring system is crucial to maintaining a well-functioning workforce.

CONCLUSION

The City Council is responsible for approving the budget, while the CLA monitors spending in quarterly Financial Status Reports.

For several years, the Mayor, City Council, and CAO have budgeted the same amount for liability payouts which has been insufficient. This process needs to be reassessed and adjusted. Moving forward, the City Council must prioritize its core mission delivering essential services to Angelenos. This includes developing and implementing a plan to repair and maintain infrastructure, ensuring long term sustainability and efficiency.

CIVIL + HUMAN RIGHTS AND EQUITY

Meeting of December 3, 2024

ATTENDEES

Civil + Human Rights and Equity Department: Claudia Luna, Assistant General Manager; Francia Bent, Director of Finance

Budget Advocates: Kay Hartman, Lionel Mares, and Alena Escobedo

RECOMMENDATIONS

- Add an Accountant position to streamline grant payment processing and enable non-accounting staff to focus on their core responsibilities
- Develop a public-facing dashboard to display the Department's key metrics and their progress towards achieving them

DISCUSSION

The Department of Civil + Human Rights and Equity~~'s~~ is dedicated to promoting diversity, equity, and accountability within the CIty. Its mission is to reduce bias and injustices while fostering equal opportunities through community engagement, equity driven initiatives, and programs that support upward mobility.

Budget

The Department's budget for fiscal year 2024-2025 is $5.14 million, a slight decrease from the $5.21 million budgeted in fiscal year 2023-2024 but a 19% increase from the fiscal year 2022-2023 budget. For the 2025-2026 fiscal year, the Department is requesting $5.14 million, maintaining its current funding level.

The Department it is entirely funded by the General Fund. To supplement this allocation, it is actively seeking additional funds through grant opportunities. A dedicated staff member is focused on securing grants, though none have been awarded as yet.

The Department allocates 3.5% of its budget on administrative costs.

This year marks the first time the Department has included measurable metrics in its budget request, allowing each program to track engagement more effectively. Currently, attendance is recorded at all events and the Department plans to introduce a survey to gather future insights. For job fairs, it aims to track employment outcomes for participants. While measurements are not yet publicly available, making them accessible on the Department's website would enhance transparency.

To maximize its outreach budget, the Department seeks sponsorships from other City entities wherever possible. For instance, the Los Angeles Police Department sponsors the young adult program, and since the Department cannot allocate funds for food, it relies on City Council

contributions. Additionally, Pepperdine University provides event space at no cost, further supporting the Department's initiatives.

Staffing

The Department is operating with a staffing shortage, requiring employees to work overtime in exchange for compensatory time. To address this, it is requesting four additional resolution authority positions for the 2025-2026 fiscal year.

A lack of accounting support has further strained operations, delaying contractor payments and forcing staff to learn accounting skills on their own to bridge the gap.

For the LA REPAIR initiative, the Department requested a Community Affairs Advocate to expand outreach beyond the nine currently funded REPAIR zones.

The Department is managing a high workload with limited staff resulting in numerous ongoing projects that remain in progress due to capacity constraints.

The Department is supported by five unpaid Commissions:

- Commission on Civil Rights
- Human Relations Commission
- Commission on the Status of Women
- Transgender Advisory Council
- Reparations Advisory Commission.

A total of 43 commissioners serve across these commissions.

Many of the commissioners are new this year, requiring significant onboarding. To help them understand their roles and the City's responsibilities, the Department hired a strategic consultant. This effort has provided commissioners with a clear understanding of their scope, such as distinguishing between City and County departments and their respective responsibilities, and aligning their work with the City's obligations.

Projects

Over the past year, the Department has made significant strides in advancing its mission. Some of its notable successes include:

- The Smart and Final Civil Rights Settlement - The City secured its first settlement under the new Civil and Human Rights Ordinance in a case involving an African American man who was denied entry to a Smart & Final store while wearing a backpack despite customers of other races being allowed to freely shop with theirs. While many cases are resolved through mediation or even simple phone calls, this case marked major victory for the Department. Additionally, the number of civil rights enforcement cases has doubled, underscoring the Department's growing impact.
- Transgender Work-Source and Job fair - The Department hosted the first in-person job fair for the transgender community since the COVID-19 lockdown. The event successfully

brought together 100 job seekers and 32 employers creating meaningful employment opportunities.
- Community Policing Recommendations - The Department gathered input from the community to shape recommendations for improving community policing. The final report is now undergoing its final review.

The Department continued its Upward Mobility Program, hosting job fairs, assisting constituents in overcoming barriers to entering law and medical schools, and supporting a home buyers' program to promote economic stability.

With a rise in hate crimes, the Department has taken a more proactive approach, organizing heritage celebrations and other prevention-focused events to foster inclusion and awareness.

The Department is also managing an $8.5 million participatory budgeting pilot funded through the General Fund. While the grant recipients have been selected, funds have not yet been distributed. Agreements for cohort 1, which will receive a total of $3 million, are currently being finalized, while Cohort 2 will receive a total of $5 million. The Department does not plan to request additional funds until the pilot is completed and the City's financial situation stabilizes.

As part of an expansion of the LA For All campaign, the Department will launch the "Just Say Hello" Initiative in collaboration with the Port of Los Angeles during the spring of 2025. This campaign aims to encourage community-building and open dialogue among Angelenos.

Looking ahead, the Department plans to partner with the YMCA on a new volunteerism initiative, Together-in-Service. This program will mobilize volunteers to contribute millions of service hours supporting civil rights enforcement, commission initiatives, and "Just Say Hello." With the 2028 Olympics requiring an estimated 75,000 volunteers, this partnership effort will be critical in strengthening civic engagement.

The Department stands out as the only entity in Los Angeles and Orange Counties that provides a comprehensive range of services, including civil rights enforcement, hate crime prevention, participatory budgeting, and reparations work. While other cities may focus on a single area, Los Angeles is unique in housing all these efforts within one Department.

CONCLUSION

The Department of Human + Civil Rights and Equity operates within a small budget and with limited staff, yet maximizes its impact through strategic partnerships that allow it to deliver far more than its size would typically permit. Continued funding is essential to sustain and expand its work. Additionally, by enhancing its efforts in grant acquisition, the Department can further increase its reach and effectiveness.

BUREAU OF CONTRACT ADMINISTRATION

Meeting of December 5, 2024

ATTENDEES

Bureau of Contract Administration: John Reamer, Director
Budget Advocates: Kevin J Davis, Budget Representative

RECOMMENDATIONS

- Expedite the transition to a strategic wage theft enforcement approach currently being used by both the State and the U.S. Department of Labor
- Enhance outreach and education programs designed to promote small, local, and diverse businesses
- Allow capital projects to move forward in the Construction Inspection Divisions
- Add staff in the Office of Wage Standards to enforce the City's Minimum Wage Ordinance

DISCUSSION

The Bureau of Contract Administration (BCA) is one of five operating Bureaus in the Department of Public Works. It protects the City's interest through serving as an independent quality control and contract compliance agency responsible for providing assurance that all Public Works projects are constructed and administered in accordance with the plans, specifications, State and Federal laws, and safety provisions to achieve a quality product.

The Bureau's work is divided into two types of services – inspection and compliance. All capital improvement projects are awarded by the Board of Public Works along with other departments such as the Harbor Department, Los Angeles World Airports (LAWA), and the Department of Water and Power (DWP) who utilize BCA inspectors to supplement their inspection forces.

These inspectors look at the physical construction in the public right-of-way.

Organizational Structure

The Bureau is organized into eight divisions. Three of the divisions are compliance-based, including Administrative Support. Five of the divisions are construction-related including support, wastewater, and three geographic divisions covering the San Fernando Valley, the Westside (Metro West), and the Eastside (Metro East). All of them cover all areas of inspection including the cover trench related work done by utilities or by private developers. There is no specific unit for trench inspections. The inspection response teams are organized geographically. To help combat any potential fraud, final inspections of construction sites are done by a new inspector not previously associated with the job.
The Bureau's Office of Wage Standards is responsible for three types of wages: prevailing wages that are primarily in construction, living wages that primarily deal with City service contracts, and minimum wages that apply to anyone working in the City of Los Angeles. Investigators

provide compliance enforcement to ensure City ordinances are being adhered to and wages are being properly paid.

BCA inspects publicly accessible property and property owned by the City such as police stations. The Bureau also administers City contracts where it has an accounting role to validate payments to contractors.

By request of the City Council, for compliance, the Bureau is seeking to maintain its current funding levels which has three mandates for strategic enforcement regarding businesses.

- Transitioning from a complaint-driven model to a strategic enforcement effort which is more proactive
- Partnering with other agencies with similar goals and efforts regarding outreach efforts
- Developing a report back with the City Attorney and Chief Legislative Analyst regarding efforts to absorb more duties when it comes to wage enforcement

Budget

This fiscal year the Bureau was allocated a Total Budget of $51.23 Million (M). The bureau's total budget underwent a decrease $1.41 M from last fiscal year, resulting in a loss of 27 regular positions and a gain of 9 resolution positions. In addition, the General Fund contributed $29.64 M or 57.8% of its total budget while $21.59 M or 42.2% was derived from Special Funds.

Bureau's largest expense was $1.17 M for Transportation. Contractual Services was $879.9-Thousand, and Office and Administrative expense was $606.6-Thousand.

Staffing

BCA currently has 388 authorized positions, of which 48 are currently unfilled making the current vacancy rate 12 percent. The Bureau, which at one time had a vacancy rate of 40 percent, would like to reduce this rate to under 10 percent.
The Bureau looks at the number of permits issued by other departments to forecast staffing needs. It also tracks the number of inspection requests to forecast trends. The current staffing is matching demand.

Funding Distribution by Program

The Construction Inspection Program received $35.21 M, the largest allocation from the Bureau's total Budget. The second largest allocation, of $11.78 M went to Contract Compliance. Thirdly, General Administration and Support was allocated $4.25 M.

Funding Requests

Because the Bureau charges contractors and other City departments for many of the services it renders, its activities ultimately have little impact on the City's General Fund. However, to initially fund its work, the Bureau receives funding up front from the General Fund which is later paid back as fees are collected. In addition, the Bureau depends upon the Personnel

Department, which operates on General Fund allocations, for testing and certifying new staff. Personnel funding can have a direct impact on the Bureau's ability to hire new staff.

The Department's focus in the current fiscal year was an expansion of the Office of Wage Standards due to the pending passage of some key City ordinances including the Citywide Hotel Wage ordinance and an expansion of duties due to wage theft. BCA is only looking for a small budget increase in the next fiscal year due to salary increases.
The compliance side will be asking for an increase of about five positions to handle the increased wage responsibilities. For the prevailing wage side, which includes construction fees, BCA will be asking for no staff reductions.

For the business outreach certification part of the office, the bureau will be asking for a modest increase to expand the pool of businesses that will be available not just for City work, but for the major events coming to town in the next three years. It wants to make sure that they have a pool of businesses that are able and certified to compete for that work related to those sporting events.

Contracts: Equity and Inclusion
Community level contracting is a recently adopted approach to the awarding of contracts that allows for "unbundling" large contracts into a series of smaller contracts. This should allow more local businesses to compete as prime contractors. The plan is to keep contracts under $150,000.

There is currently a program in Public Works for Sidewalk Construction Program in which bidders closely reflect the diversity in Los Angeles. The City Council wants all departments to utilize community-level contracting as a tool to increase contractor diversity. The Bureau is certifying more minority and women owned businesses and encouraging them to become more competitive for City Contracts.

There have been two rounds of bidding under this new policy. During the first round, 35 contracts were prequalified, of which 66 percent were first-time bidders with the City. In the second round, 35 contractors also qualified with 69 percent of them first-time bidders.

The Bureau believes it is a successful program in that it provides greater diversity because emerging businesses represented 29 percent and 34 percent of the bidders respectively. Minority-owned businesses were 40 percent and 37 percent of the bidders respectively. Small businesses were 40 percent of the bidders each time. BCA is working with other departments to expand this approach to other contracts.

To reach out to more minority-owned business, the Bureau has translated its most commonly used documents into the nine most popular languages spoken in the city.
There are new contracts to help with translations. The number of bilingual employees in the Bureau has decreased due to transfers and retirements so this is a consideration when planning staff development. This is a challenge considering the number of languages spoken in L.A.

Outreach

Unfortunately, the current pool of potential workers has not produced enough new qualified candidates. BCA has an ongoing relationship with Los Angeles Trade Technical College to train new inspectors to help fill its vacancies. Covid continues to have an impact on training, but the Bureau hopes to tackle this challenge as it moves to more in-person training. The current Civil Service System has made it difficult to bring onboard new employees, especially for technical jobs. It was hard to find qualified candidates.

Education Programs Offered

The Bureau offers three education programs to the public in the Accessing LA series: (1) Build With (for the construction ~~of~~ businesses), (2) Team With (for personal service-businesses) and (3) Rise With (for emerging businesses). Enrollment in training programs that started before Covid have not returned to pre pandemic levels. Recently there have been two training cohorts formed for small businesses with 30 to 35 business in a cohort. These cohorts met in person until Covid when the cohorts were switched to a virtual mode. Recently, these education programs returned to an in-person mode.

Virtual Counter

To improve public access, the Bureau has launched an online virtual counter named Project Assistance Meeting (PAM). This portal allows contractors and homeowners to schedule meetings, get information, updates, directions, and clarification on the process. Through PAM, BCA wants to have virtual online courses dealing with topics such as how to grade for a sidewalk or what an inspector is looking for when checking a variety of things. PAM also helps streamline the standard approval processes.

Though the Bureau has considered opening a satellite office in the Valley and the Harbor area, many people seem to prefer virtual access so they do not have to travel downtown.

Homelessness

Mayor Bass's Executive Directives 1, 4 and 7 focus on eradicating homelessness. Inspectors have been working with developers to ensure that housing projects are moved along as quickly as possible. PAM is expected to help with new housing construction by allowing developers and inspectors to interact with BCA staff and understand expectations without having to go to a physical location to receive assistance.

Peak Hour Construction and Enforcement

The initial goal of the Peak Hour Ordinance was to remove any barriers to traffic flow during "rush hours," but the restrictive hours required by the ordinance can be an impediment to addressing road emergencies such as those caused by the recent disasters. Despite the restrictions, there are currently no plans to seriously revise the ordinance and it has been deemed effective overall.

Working with the Department of Transportation, the Bureau is able to enforce the ordinance by fines to repeated and/or flagrant offenders. The goal is to communicate with contractors and

make them aware of the impacts of their work when they are out on the street. BCA has not had any large areas of concern recently. With major events coming to the region in the next three years, the Bureau is encouraging contractors to fast track any major projects and get them done before January 2028.

Wastewater and Sidewalks

Improvements in wastewater management have been slowed recently due to a lack of funding. With the recent approval of new wastewater rates by the City Council, the City has begun work on wastewater projects that had been held up until the funding was assured.

For sidewalks, the goal for "first and last mile" is to make sure that walking access near Olympic venues are in good shape. The goal is accessibility - making sure that those who have mobility challenges do not have to deal with poor sidewalk conditions. At bus stops, making sure that accessibility is available to everyone.

The Sidewalk Transit Amenities Program is focused on making sure that ADA is complied with including street lighting which will encourage increased public use of mass transit. The Bureau was able to get additional positions for these programs and it is working with Street Services to make the effort successful.

CONCLUSION

The Bureau of Contract Administration provides the City with independent quality control and contract compliance. With a significant amount of public works projects being undertaken ahead of the Olympics, BCA's important functions deserve to be supported because the Bureau is largely self-funded through fees. Reducing BCA's budget, may ultimately reduce City revenue. Efforts for reducing wage theft may benefit the City by providing workers with more money that can be spent in the local economy.

CITY CONTROLLER

Meeting of December 2, 2024

ATTENDEES

City Controller: Rick Cole, Chief Deputy Controller; Jane Nguyen, Controller Chief of Staff
Budget Advocates: Glenn Bailey, Kay Hartman, Mihran Kalaydjian, Connor Webb

RECOMMENDATIONS

- Lead by example and create a five-year budget plan.
- Collaborate with outside institutions such as UCLA to find a way to partner on audits that would withstand credible scrutiny
- Work with other City departments to repurpose excess office space and consolidate offices [save on leasing expense]
- Find a way to encourage departments to reduce risks while not punishing departments for their liabilities
- Distinguish for the public the difference between a list of needed capital improvements and a plan to deliver those improvements
- Create a data site outlining the amount budgeted for liabilities vs. what the City paid, and publicize how the City budgets for liabilities
- Advocate for the City Charter Commission to add a position for Chief Financial Officer in the new City Charter

DISCUSSION

The City Controller (Controller) is the elected paymaster, auditor, and chief accounting officer for the City of Los Angeles. Along with the Mayor and City Attorney, the Controller is one of three offices elected every four years by citywide popular vote.

In 1878, the position was created as the City Auditor, becoming an elected office in 1889. The 1925 City Charter changed the name of the position to City Controller. In 2000, a City Charter update granted the Controller the power to conduct performance audits of City departments, allowing an examination of departmental effectiveness.

To fulfill the Controller's Charter-mandated functions, the Office has three major divisions: Audit Services, Accounting Operations, and Financial Reporting and Analysis. It also includes Executive Office and Management Services leadership and staff.

Department Budget and Staffing

The Controller's budget for this fiscal year is $20.9 million, a decrease of $2.5 million from the $23.4 million in the fiscal year 2023-24 budget after the previous two years had budget increases.

The City does not have a five-year fiscal plan. It has not been a priority because of budget cuts, the Office views as devastating. It started off last fiscal year with 175 positions. Twenty-seven

of those positions were unfilled and cut. The Mayor argued the positions were not needed because they haven't been filled for a long time. The Controller disagrees with this position.

The City budgets less than the cost of the actual approved positions. Los Angeles has staffing issues that predate the current set of elected officials. The City has shortchanged the support that makes delivering timely services possible.

The City's Financial Position

The City benefited from a huge infusion of federal dollars during the Covid pandemic. This was followed by a revenue surge as businesses reopened and the City experienced economic growth. Last year's budget assumed that growth would continue but it couldn't because the City was still recovering from a huge financial hole.

Inside Safe spent $220 million more than the Controller estimated. The Controller's Office was off by $16 million. That loss goes to next year. Salaries are going up. The City entered into contracts with five percent raises per year, while general growth is four percent. The hole will increase in size each year. If the Los Angeles region suffers a recession, the loss will be staggering and will likely result in layoffs.

The County has been fiscally conservative and forward looking. The City, on the other hand, is considering borrowing $80 million to cover its legal liabilities. This could be acceptable if there were a plan to repay it. The City needs reserves that it builds out methodically. Reserve funds are needed to support the City during emergencies.

Since January 202 the Controller has advocated for the City to develop a five-year plan. The underlying problem is that the City makes financial plans focused on annual and sometimes quarterly views rather than taking a longer-range view. Even with a perfect plan, the labor unions and the voters must agree with it. The City Administrative Officer (CAO) disagrees with budgeting for more than a year, and the Mayor and City Council follow the CAO. Even with a perfect plan, the labor unions and the voters must agree with it.

Several of the new City Council members are open to new approaches. For example, Councilmember Hernandez is in favor of participatory budgeting and multi-year budgeting. Some Councilmembers who are not associated with the progressive wing, such as McCosker, are also receptive to changes.

Zero-based budgeting has been trumpeted by the Mayor. Potentially, it would work once. However, you cannot reinvent your entire civil service every year. Performance based budgeting is more practical, and it incorporates the rigor of zero-based budgeting.

The wildfire emergency underscores the necessity of adequately funding the City's vital financial accounting and payments functions, both in the Controller's Office and Citywide.

The upcoming budget will be the most challenging in a decade and a half and will test the City's practice of "robbing Peter to pay Paul." There is not much left to rob without serious service impacts or political consequences. This is why the Controller's Office advocates for long-term, systematic, Citywide budget and finance reform. So far, the electeds have not heeded these calls.

Legal Liabilities

The City budgeted the same amount of money this year, $82 million, for liability payouts as last year. The liability payouts this year are projected to exceed $265 million. The City is underbudgeting for liability settlements. These are things the City knows it will have to pay. There are other things that remain unknown.

Why are the payouts increasing so much? People are suing more. Juries are awarding more. How much of this could be prevented? We do not know how much maintaining City infrastructure would have reduced liabilities.

The City needs to be honest about rising costs. The City Attorney, Mayor, and Controller should work together to project the legal liabilities for a given budget based on assumptions of how many lawsuits will settle or have court-ordered judgments and an estimate of those payouts.

The system must be designed so departments are not penalized for things that are beyond their control, and they are incentivized to reduce liabilities going forward. This could be part of a City five-year plan.

The department heads are in a bind because they have sixteen bosses with competing or priorities.

The City keeps operating the way it has always operated because there is no incentive to fix the issues.

The Controller should talk more publicly about how the City budgets for liabilities so people will be empowered to push for change. In addition, the Controller should create a data site that shows what was budgeted for liability payouts vs. how much was actually paid out

Capital Improvement Plan

The City does not have a Capital Improvement Plan (CIP); instead, it maintains a list of needs. A list is not a plan. The list includes all the currently authorized, but not necessarily budgeted, projects. The City does not have a plan of priorities, start dates or projected costs. What the City has is a wish list and it is not comprehensive.

The City performed an inventory of its 120 "yards." To bring them into order would require tens of millions of dollars. This was done six or seven years ago. Where would today's inventory be? At the end of the year, if something is completely falling apart, we do a bond measure like for the library or fire department or squeeze a little money from somewhere.

In the 1950s and 1960s there was a frenzy of capital investment to build a great City. Since the 1970s California has had Proposition 13 and recessions and the shrinkage of the aerospace industry so the City has been patching things together. The Department of Water and Power (DWP) does a decent job of budgeting because it can raise rates. The City has lagged. Departments have lists of needed capital improvement projects but they do not reflect the comprehensive need.

What is the gap between the plan and the available financial resources? Are we fixing old stuff? Are we planning for a changed future? The City needs to think ahead about what its needs are.

The City has a finite amount of money to apply to the needs. The needs will be changing as the City moves forward. Nobody has the job function today to create a Plan and then manage that Plan.

Still, the Controller's Office is encouraged by the progress on creating a CIP since the Mayor issued Executive Directive Number 9 streamlining Capital Project Delivery and Equitably Investing in the Public Right-of-Way. The Executive Directive is enabling a discussion. Unfortunately, it is happening at a time when the City has no money. Still, it is always better to have a plan than not.

The City has a lot of office space. Maybe 40% of the workforce is at their desks on any given day. The plan should address how the City can downsize or repurpose its real estate.

An example, when Street Services applies a slurry seal to streets every four or five years, the streets will last twenty years. Without the slurry seal, streets will develop potholes in ten years, and may need to be resurfaced at far greater expense. How should the City allocate funds to meet the needs for maintenance of City infrastructure?

The Controller should speak publicly about the difference between a list and a plan, so the public would be empowered to push for a plan.

Audits

In the last year the Controller's progress on audits includes:

- LAPD use of military equipment is completed. The Controller does not think the LAPD is complying with existing laws.
- Unarmed response is in progress.
- Pathways to permanent housing is being finalized.
- Tenants anti-harassment is being finalized.
- CARE and CARE+ is started. The Bureau of Sanitation receives the largest allocation of the homelessness budget.
- Affordable housing efforts will not be a formal audit. Some work is completed.

- Some data sites are completed including RV parking in zones where overnight parking is not permitted.

Independent auditors found the City had not adequately addressed some risks. The Controller persuaded the City to move forward to resolve this and the Controller's Office completed a risk management audit of all departments. The Office's auditors helped departments identify and fix deficiencies.

There is no funding for an audit to determine how much revenue the City loses to single-family home neighborhoods that are not upzoned. There is no current way to partner with academic or other institutions that would withstand credible scrutiny. Finding a way could increase the ability of the Controller to publish more audits.

Workday

The transition to Workday cost over $100 million. The vast majority of City employees are being paid on time and accurately. The City had to postpone unusual ways it pays people. This year, it will pay people for excessive accumulated sick leave. It is not shown in salaries and raises even though it is a large expenditure, so it looks like we're paying. When staff leave the City's employment, it has been paying out accumulated vacation time. Now the City must pay for both accumulated vacation and accumulated sick leave time. The system includes 1400 distinct pay codes. The Department is still working on the complications at the margins and paying backpay for people who got raises.

The fires brought attention to the struggles involved in working out the challenges of implementing Workday in the Fire Department. Of all City departments, Fire has the most serious challenges six months after "go live" of the new payroll system. Firefighters have identified seven major issues where pay is either inaccurate or raises are not yet implemented.

While there's been great team work on the part of the Fire Department, the City's Information Technology Agency, Workday, the Personnel Department, the City Clerk, the Mayor's Office, and the Controller's Office to solve immediate challenges, the problems are rooted in long-term failure to invest in the appropriate staff, technology, training, and management support for vital back-office functions Citywide. This has gone on for so long, and we are now seeing the results: system failures and the widespread risk of more failures.

CONCLUSION

The City depends on the Controller to keep us informed about where the money is going. The Controller should use their position to advocate for changes they know are needed to help the City improve.

DEPARTMENT OF CULTURAL AFFAIRS

Meeting of December 12, 2024

ATTENDEES

Department of Cultural Affairs: Daniel Tarica, General Manager; Chris Concepcion, Assistant General Manager; Stella Belgarde-Scranton Executive Administrative Assistant and Commission Secretary; and Alma Miranda, Administrative Services Director
Budget Advocates: Scott Wright and Mihran Kalaydjian

RECOMMENDATIONS

- Promote multi-year budgeting to better identify and plan for long-term revenue needs
- Engage with community members to gather input on cultural events that reflect local interests
- Reevaluate the funding structure for Cultural Affairs to establish a more stable revenue stream and/or increase the department's reserve fund for financial sustainability

DISCUSSION

The Department of Cultural Affairs (DCA) operates through four interconnected divisions, working in collaboration to provide diverse arts and cultural experiences for both Los Angeles' residents and visitors.

With a strong focus on equity, access and efficiency, the DCA aims to enhance the quality of life of 5.1 million residents by advancing the social and economic benefits of the arts. Through grant-writing, marketing, program development, public art initiatives, community arts programming, performing arts, arts education, and partnerships with artists and cultural organizations, the DCA ensures broad access to enriching cultural experiences throughout Los Angeles.

Under its Community Arts and Public Art Divisions, the DCA curates exhibitions, commissions and restores public artworks, and manages key programs such as the Performing Arts Program, the Mural Program, the City Art Collection, and the new Re-imagine Public Art initiative. Across the city, there are 37 sites dedicated to exhibitions and performances, along with live and virtual historic tours of art and theaters.

The DCA also provides grants to non-profits and individual artists, creating jobs and supporting the growth of the arts sector in Los Angeles. Its marketing division plays a crucial role in public outreach, promoting events through resources like the City's Festival Guide and the Heritage Month Guide. Its administrative division overseas all operations, ensuring the Department's programs and initiatives run effectively.

Budget Issues

The DCA has structured its 2025-2026 budget request around stabilizing the department, maintaining existing staffing levels, and expanding services to better serve the community.

A multi-year plan is essential for ensuring the continuity of the department's ongoing projects, even though the CAO discourages such plans due to fluctuating City revenues. The DCA's prioritizes maintaining stable funding streams, which requires the clarity and long-term forecasting that multi-year planning provides.

One key budget request is to replenish the Department's reserve fund to help manage revenue fluctuations. While both the Mayor and the CAO have proposed depleting the reserve, the DCA emphasizes the importance of maintaining the Department's financial stability.

Another request focuses on continued funding for the Lankershim Arts Theater and the Warner Grand Theater, with the goal of transforming them into cultural hubs similar to the Leimert Park and Madrid Theare.

An alternative strategy for the City budget involved expanding tourism in the post-pandemic recovery period, which could boost Transient Occupancy Tax (TOT) revenue. Additionally, if a portion of DCA's funding remains tied to entertainment industry productions, this would further benefit both the City's and the Department's budgets, creating sustainable growth opportunities.

Staffing

The recently approved Metrics Management position is essential in demonstrating the effectiveness of DCA programs through tools like the Neighborhood Arts Profile. This position will also help collect and analyze data providing valuable insights for strategic planning and resource allocation.

CONCLUSION

The Department of Cultural Affairs ensures broad access to a multitude of cultural experiences at a variety of venues across the City of Los Angeles.

BUREAU OF ENGINEERING

Meeting of November 6, 2024

ATTENDEES

Bureau of Engineering: Robert Kodamatsu, Chief Financial Officer
Budget Advocates: Barbara Ringuette, Conor Webb, and Elaine Alaniz

RECOMMENDATIONS

- Prioritize projects to reduce City liabilities, limiting City borrowing to projects that may save City funds [reduce litigation expense and preserve City funds]
- Streamline City hiring to alleviate personnel issues
- Screen out earlier those proposed projects that will not be funded or cannot proceed [save employee expense]

DISCUSSION

The Bureau of Engineering provides fee-supported permits and both pre-development and engineering services to private developers. The Bureau issues utility permits, provides public counter services, and also distributes surveys and maps. The Bureau designs and constructs wastewater and sewage disposal facilities, stormwater systems, and also emergency services for sewer and drain repair. Additionally, the Bureau designs and constructs street and transportation improvements. The Bureau manages the City's Sidewalk Repair program and Complete Streets projects as well as services for new and existing public buildings.

Budget

The Bureau's 2024-25 budget was $120,712,413, a reduction of $372,615 from the prior year, a reduction of 0.3 percent. 62.5% of revenue comes from over 40 sources of funds including state and federal funds with the remainder from the City's General Fund. The largest Special Fund by far is the Sewer Capital Fund, seen on utility bills. Almost half of the Bureau's budget is clean water, wastewater or stormwater related.

Staffing

This year 93 vacant, unfilled positions have been cut while the Bureau added 30 positions including 5 for Los Angeles World Airports, 11 for sidewalk mobility access, 5 for Metro and CalTrans projects, and one for homeless facilities.

The Bureau loses trained staff and prospective new hires to entities that pay more, in particular the Department of Water and Power. Step 6 at the Bureau is equivalent to Step 1 or 2 at DWP, meaning DWP's salary range is higher, resulting in a difference of 20-25%.

In July the Bureau had a few dozen vacancies, by November there were 120 vacancies because the Bureau lost 80 staff to retirements, promotions and transfers to new positions.

Internships at the Bureau continue with 25-26 hired for three summer months. A good number of interns are hired for permanent positions.

Project Planning

Some projects go out about five years, while most projects are planned on a year-by-year basis due to uncertainties in funding and the ability to fill positions in the Bureau.

Council Districts (CD) contact the Bureau to scope out a project which is done at no charge to the CD. However, these projects rarely move forward, most often due to lack of funding, a responsibility of the referring party. The Bureau provides the initial service but is not compensated. Screening out these projects earlier would be cost effective.

Projects completed by the Bureau and those completed by private contractors end up costing about the same except that BOE still has a small cost to monitor a project that is contracted out. Also, the Bureau of Contract Administration has a cost for administering the contract including inspections.

Sidewalks

The Bureau designs sidewalks while StreetsLA aka the Bureau of Street Services has crews to complete the work or hires contractors to do so. The Bureaus use a robot called Daxbot to video sidewalks for quick assessments. The City is prioritizing sidewalk repair near City properties including Recreation Centers.

CONCLUSION

The Bureau of Engineering provides services to the Council Districts, City Departments and the other Bureaus under the Board of Public Works. Whether projects are completed by the Bureau's own staff or by contractors, project planning and monitoring for City projects remain the responsibility of the Bureau. Where the Bureau's staff is insufficient to complete the job, projects are delayed or may be contracted out.

ETHICS COMMISSION

Meeting of November 20, 2024

ATTENDEES

Ethics Commission: David Tristan, Executive Director; Heather Holt, Deputy Executive Director
Budget Advocates: Brian Allen and Mihran Kalaydjian

RECOMMENDATIONS

- Hire two Auditor II's to provide timely assistance to candidates and committees and to address backlogs
- Allow the Commission to have its own outside counsel
- Raise the fines for ethics violations
- Pilot a social media presence to announce important meetings and educational opportunities.
- Avoid using phrases such as "the appearance of corruption" when "corruption" would be more accurate

DISCUSSION

The Ethics Commission defines its mission as preserving "public trust" and "public confidence" in city government, and its officers speak frequently about eliminating the "appearance" of impropriety. They fill a critical role, but habitually describe their own function indirectly, in terms of its public perception.

Primary Functions

The Commission regulates campaign finance and lobbyists; educates government officials, as well as those who interface with them, on current ethical guidelines; empowers the public to have oversight over their government; investigates potential breaches of ethics regulations; and levies fines on offenders.

Budget

The Ethics Commission 2024-25 budget was about $6.35 million, an increase of 16.8% or $915,047 dollars from the prior year. 100% of its revenue came exclusively from the City Ethics Commission Fund.

Staffing

This fiscal year, the Commission was budgeted for 45 regular staff and two resolution staff, an increase of eight regular positions from last year's regular staff, while there was a reduction of six resolution positions. In addition, the budget for contractual services increased by $12,000 to accommodate mandatory increases in contract payments.

Matching Funds Program

The Commission has innovated methods to increase its own efficiency, while at the same time the Commission's mandated responsibilities have expanded. The City has created new programs

in an attempt to address corruption. Most relevant of these is the City's matching funds program, which matches donations from individual Angelenos to candidates for City offices at a 6:1 rate. Because the matching funds program only requires short bursts of intense labor, the city has not approved dedicated staff to administer it.

Auditing the matching funds program must be completed within a tight four-day window, so, during that window, staff must pause its other duties to prioritize auditing the matching fund program. This program has motivated more candidates to run for office, with a larger number of small-dollar donors. This was the intended purpose of the program, and it has been successful. However, the irony for the Ethics Commission is that successful anti-corruption programs create more work for them, intensifying their need for additional staff.

Successes

In the last fiscal year, for example, the Commission contributed more than $1 Million to the General Fund. It is important to note that the Commission's work is driven by Charter mandates that exist regardless of any revenues.

Challenges

The Commission has never been granted dedicated staff for the Matching Funds Program. The Ethics Commission Audit Program is required by law, and the Commission has worked to streamline the process of producing efficient audits. However, the number of committees that must be audited, the high costs of audits, and the increasing numbers of contributions add to the work associated with each audit. So, auditors must be pulled from campaign audits to review contributions for which candidates request matching funds.

During the 2022 elections, for example, 38 candidates participated in the matching funds program and over 29,000 contributions had to be audited.

In the 2024 elections, 47 candidates participated in the matching funds program, and all contributions to their primary election campaigns had to be audited. The Commission's auditors must set aside their work on traditional audits for several months during each election cycle.

Recovery costs

The Commission is not a typical revenue-generating department. However, it does generate revenue from recovery of auditing costs, compliance costs, and enforcement costs associated with LAUSD elections. The Commission also collects registration fees, late filing fees, and enforcement penalties.

Budget Request for Fiscal Year 2025-26

The Ethics Commission requests funding to hire three Auditor II Positions to eliminate the audit backlog and achieve the long-standing and critical goal of timely compliance with the Charter's audit mandate.

The Commission expects to have sufficient funds remaining in this fiscal year's accounts to cover nine months of salary costs next year for all three Auditor II positions at step two. Therefore, they request that any unspent funds in our FY 2023-2024 accounts be rolled over to increase the amount in our FY 2024-2025 Salaries account and cover the first-year salaries for these three Auditor II positions

CONCLUSION

Managing the Ethics Commission, is, in the commission's own words: A game of numbers requiring the analysis of numbers and data; that requires staff. Appropriately staffing the Commission can assure its mandate is fulfilled.

OFFICE OF FINANCE

Meeting of December 18, 2024

ATTENDEES

Office of Finance: Diana Mangioglu (Director of Finance/City Treasurer)
Budget Advocates: Brian Allen and Garry Fordyce

RECOMMENDATIONS

- Review the financial structure of the City's financial departments
  - Change the City Charter to elect a Chief Financial Officer
  - Consolidate City financial operations under the Chief Financial Officer
  - Place all budgetary operations, including spending and collections, under the Chief Financial Officer
  - Establish oversight by either a Mayoral committee, a City Council committee, a public commission, independent outside review board or other acceptable method.
- Expedite the completion of major system upgrades to the Office's Information Technology (IT) systems. Collaborate with Information Technology to take a significant, much larger, role in assisting with upgrades

DISCUSSION

The Office of Finance is responsible for the collection and maintenance of the City's operating funds. Finance is the Treasurer-Tax Collector of the City.

Revenue

The 2024-25 Adopted budget for the Office totaled $49,480,775 supporting 330 regular and 29 resolution positions. While this represents a $600 increase from the prior fiscal year, the number of positions lost totaled 28 regular and 6 resolution authorities. The General Fund supplies 95 percent of the Office revenue with another 5 percent coming from Special Funds. The Cannabis Regulation Special Revenue Fund is the largest of the Special Funds.

Challenges

This department, Finance, while having the largest impact on collection of revenue for the city, is not provided the support needed to ensure its ability to function due to aging systems and continuing loss of institutional knowledge.

The Office of Finance is working with failing 20-year-old systems. Systems that have recently failed could have caused major collections to slow down or beyond that, total loss of collections. The systems may completely collapse if they are not brought up to a reliable, dependable status.

Without accurate and accessible information of the taxpayers' status, revenue may not be effectively forecast or collected. The financial condition of all city departments could be negatively affected.

Unfortunately, the City has made little or no progress in resolving some of the issues that threaten to cause major operational failures leading to budget shortfalls. The information is out there for improving efficiency or operational structure, intended to positively impact the City's budget. The negative impacts seem to be getting worse.

From time to time there's been input provided including suggestions for savings. At other times the suggestions are aimed at improving services. Overall focus is designed to offer ideas that will best serve the City, its residents and businesses, and to ensure the best use of ~~the~~ taxpayers' funds.

There is need to reorganize the financial operations of the city. Proper design and control of operations always concludes in a more efficient and more dependable operation.

A major concern is the cost to achieve change.

So where are we today? It feels like little has changed except issues and concerns have gotten worse. The City has used all excessive funds on projects that have no financial value to the city or its residents. Specifically, Homelessness spending without a long-term plan.

Let's look at a typical business with expenditures similar to the City's spending, call it ABC Corp. Its financial operations are organized under a Chief Financial Officer (CFO). Below the CFO would be all the operations which could be actual departments with their own general managers. Such design allows for consistency of applications like payments, collections, reporting, analysis, budgeting, and auditing.

The same operations exist in the city; however, there is no central control. Most City departments have their own accounting operations that result in duplication of some effort and overall excessive costs. Why distribute accounting functions to every department when it is not necessary.

These suggestions would result in a more efficient, less costly financial structure:

1) Change the City Charter to elect a City Financial Officer which could be the Current Controller position
2) Review City Departments who have any independent financial operations other than issuing requests for payments to be processed and move any direct financial activity ~~to~~ under the CFO or a subsidiary department of the CFO.
3) Organize all budgetary operations under the CFO with direct communication and input from each City department.
4) Require all direct spending and collections be conducted under the direction of the CFO with input from each City department.
5) Establish oversight by either a Mayoral committee, a City Council committee, a public commission, or an independent outside review board.

CONCLUSION

It's time for major changes in how the city conducts its financial operations. Making these changes may result in a large improvement in operations as well as considerable cost savings.

FIRE DEPARTMENT

The primary mission of a city, our city, is safety. To ensure the safety of all within Los Angeles, Budget Advocates recommend the Fire Department fund the following:

- Establish up to 62 new fire stations
- Fully staff the mechanics division
- Expedite hiring of fire fighters to a staffing level requested by the Chief.
- Identify shortfalls in the hydrant/pipe replacement fund and stop raiding it to balance budget shortfalls.
- Evaluate and replace necessary amenities fire fighters use in their work and in firehouses (Helicopter binoculars, beds, dishwashers, etc.)
- Create a new I.T. system for the mechanics division for inventory and distribution of medicines and fire fighter equipment

Also, we recommend that the Department with City resources:

- Locate grants to assist in funding
- Explore a bond measure to address additional funding
- Begin full cost recovery from FEMA, Veterans Administration, UCLA, Southern California Gas, and the Department of Water and Power (DWP)
- Plan with mutual aid departments to preplace fire equipment and personnel in a predicted serious weather/wind/fire event
- Ensure availability, early requests and swift response for mutual aid

Los Angeles Fire Department has the same number of stations that existed 30 years ago, while the population and the number of structures has grown immensely. The City has not kept up with the public safety needs of the stakeholders.

GENERAL SERVICES DEPARTMENT

Meeting of December 2, 2024

ATTENDEES

General Services Department: Emily Mayeda, Assistant General Manager; Elizabeth Salumbides, General Service Department (GSD) Finance Division
Budget Advocates: Glenn Bailey and Cindy Cleghorn

RECOMMENDATIONS

- Extend recruitment of high school Science students for the materials testing program
- Add staff to perform required maintenance and repairs on vehicles and other equipment
- Increase Night Crew staff for urgent building maintenance
- Create a strategy with financing for preventive maintenance of city property
- Expand funding for trash trucks

DISCUSSION

The General Service Department (GSD) is responsible for overseeing jobs, services, materials, and equipment that provide diverse skills and functions; these functions ensure that the job process and its systems are being done correctly as well as making sure the policies are being implemented as intended, and that key risks are identified and mitigated.

The diversity of job skills, equipment, materials, and policies includes:

> Vehicles and Helicopter Mechanics, Custodial Supplies, Uniforms, Marketing, Real Estate Services, Parking, Fuel, Petroleum Products, Construction Materials, Carpenters, Electricians, Print Shop, Inter Department Mail, Mass Mail, Purchasing Agent, Standards, Pavement, Laboratory Testing of Materials. In addition, GSD works with Coldwell Banker Richard Ellis—American commercial real estate service and investment firm-- (CBRE) in Real Estate matters.

Budget

For Fiscal Year 2024-25, the General Service Department's (GSD) total adopted budget was approx. $259.41 Million (M), a decrease of approx. $14.22M from the prior year. GSD's budget is derived from two sources: the General Fund which provided 69.0% or $178.98 M of the total, a decrease of about $11.86M from the prior year. While Special Funds provided 31.0% or $80.43M of the department's total, a decrease of $2.35 M from the prior year.

Sources of Funds

This fiscal year, the GSD's two top sources of funds were the General Fund, contributing $178.98 M, and the Solid Waste Resources Revenue Fund, contributing $52.08 M. The second highest sources of funds were the Street Damage Restoration Fee Fund contributing $7.66 M, and the Sewer Operations and Maintenance Fund contributing $6.52 M. Other funding sources were the Special Gas Tax Improvement Fund, Building and Safety Building Permit Fund, and Measure R

Local Return Fund, each contributing on average $2.40 M. Out of a total of 17 funding sources, 14 of them had a reduction of funds this fiscal year.

Staffing

For this fiscal year, the GSD budget includes 1,320 regular positions and seven resolution positions. The reduction in revenue reduced the department's staff from last fiscal year by one hundred thirty-eight (138) regular positions, and twenty (20) resolution positions.

The GSD has two sources of funding which pay for a portion of its total staff: the General Fund covered nine-hundred thirty-two (932) regular positions, and seven (7) resolution staff. As funds were short this year, thus had a decrease of one-hundred eighteen (118) regular positions, and thirty-eight (38) resolution positions from the prior year. Meanwhile, the Special Fund allocations paid for three hundred eighty-eight (388) regular staff, but due to their reduction of funds this year, they also reduced twenty (20) regular positions from the department as opposed to the prior year.

Attrition is a challenge. The department has a program to recruit students from high schools upon graduation. Specifically, science students for this department's Materials and Testing Units, as the department has an 8-9% vacancy rate.

Expense

The highest expense was for petroleum products, $39.18 M. The second highest expense was for Field Equipment, $37.33 M. The third highest expense was for contractual services, $29.44 M, a reduction of $1.86 M from the previous year's expense allocation of $31.30 M. The fourth highest expense was for Maintenance Materials, Supplies and Services, $6.07 M, and it had a $200 K reduction from the prior year's expense allocation of $6.27 M.

Funding Distributions by Program

Out of 13 Programs in the Department, the Fleet Services Program received the highest allocation of $86.08 M. The Fuel and Environmental Compliance Program received the second highest allocation of $45.13 M, while the Building Maintenance Program was allocated $36.82 M, and Custodial Services was allocated $29.74 M. The Construction Forces allocation was $500 K. This Program remodels, performs major and minor repairs, construction and alterations of city owned facilities.

Challenges

Every city department connects with GSD for at least one service, custodial services for every city facility. Currently there are 64 custodial service positions and a $1.5 million budget. However, this service does not include preventive maintenance, which is unfortunate. GSD invests a lot of work and effort into reports advising improvements to city facilities, but the improvements do not get funded.

The Department is underfunded. Staff is needed to perform required maintenance and repairs, added to the Department's workload without receiving funding necessary to pay additional skilled workers. These workers maintain vehicles and other equipment.

Additional personnel are needed on the Night Crew for urgent building maintenance. For example, to immediately respond and repair an Air Conditioning Unit at a city Animal Shelter.

The budget for trash trucks is underfunded, and needs to be increased.

CONCLUSION

The General Service Department employees are commended for their services and commitment to maintaining our city buildings 24/7, while the department is underfunded and understaffed.

LOS ANGELES HOUSING DEPARTMENT

Meeting of December 9, 2024

ATTENDEES

Housing Department: Luz Santiago, Assistant General Manager
Budget Advocates: Connie Acosta and Scott Wright

RECOMMENDATIONS

- Hire additional Certified Finance Officers to oversee and control the finances and expenditures of grants for tenant rental assistance from State, County, Federal and Private Entities. These officers are to retain a copy of all applications awarded at Department of Building and Safety online file.
- Hire an independent auditor to audit the Department contracts, identify the Program, sources of funding, keeping track of the expenses and work accomplished.
- Utilize more city owned spaces instead of leasing from private entities.

DISCUSSION

The mission of the Los Angeles Housing Department (LAHD) is to finance the construction of affordable housing, and permanent supportive housing while pushing for the HHH Goal. The Department met the financial goal for the 10,000 housing units. Meanwhile, the construction phase is still in progress. Also, the Department's programs assure that multi-residential Rent Stabilized Ordinance units are maintained by the systematic code enforcement for safe livability citywide. A new strategic plan for the Department will be launched to see what the priorities of the Department will be when the new General Manager, Latina Johnson Hall comes on board in January 2025.

Successes

Based on LAHD Metrics, actual completion targets are in print from different Programs for Fiscal Year 2023-24: First, CODE and RENT Compliance Programs restored 10,765 rental units to safe living conditions. Secondly, the Asset Management Program recorded 51,395 affordable housing units that were monitored for compliance. Lastly, the Development and Financed Program certified 1,795 HHH Supportive Housing Units ready for occupancy.

Challenges

Mayor Karen Bass proposed 2024-25 budget eliminated 46 positions, however, the City Council restored most of the of LAHD's critical positions that were paid from LAHD special funds. The 12 general administration positions paid from the General Fund were not restored.

As to the Just Cause Eviction Defense Fund Ordinance passed by Council for Non-Rent Stabilized Ordinance (RSO) properties, LAHD would need to request that the Council and Mayor pass a fee study to be able charge fees to pay for Program staff. Alternatively, General Funds or the Housing LA Fund could pay for the Program's inspections as the majority of Housing Funds are for RSO units that exclude Non RSO units.

The Los Angeles Housing Department approved Budget for 2024-25 totals $97.99 million for Salaries Appropriations and related Expenditures. The budget increased by 12.35% or $10.77 million from $87.22 million in 2023-24.

LAHD must ask for a fee study to pay staff every time a new resolution increasing the workload is passed, a challenge that could possibly be avoided

Revenue

The Systematic Code Enforcement Fee Fund (CODE) is $36.31 million (37 percent of the total budget. The largest increase of all the funding sources was $3.79 million over the adopted budget of 2023-24. CODE provides funding to staff the Interagency Housing Task Force who identify and stabilize multifamily properties in substandard condition. Also, CODE provides funding for the Multifamily Residential Code Enforcement Expansion whose staff inspect multifamily units Citywide.

The second largest fund, the *Rent Stabilization Trust Fund (RENT)* is $12.49 million, makes up 12.75 percent of the Total Funds. Increased by almost 800 thousand from the 2023-24 adopted budget. RENT pays for Program staff who administer and enforce the provisions of the Rent Stabilization Ordinance (RSO). They also support the tenants and landlords of RSO multi-residential properties by providing them with education and awareness workshops through RSO updates.

The Accessible Housing Fund provides $10.46 million to ensure that the design and mobility of the units for people with disabilities meet wheelchair access and hearing /vision impairment standards. This year, LAHD certified 1,322 accessible housing units for people with disabilities. Utilizing funds from many funding sources, LAHD launched the initial six programs of United to House LA (ULA), allocating $150 million to protect tenants and keep people housed.

Federal government funds require audits. Also, the state does desk reviews (ask for files and look through LAHD data). Also, the Department is part of the Controller's Auditor Program because some funds are received directly from the City.

Department Accomplishments

The Department exceeded its housing production goals by financing three times the targeted number of units including 1,407 supportive units, which are critical for bringing people inside and ultimately home. 2,197 housing units were financially stalled due to unprecedented increases in development costs. In Fiscal Year 2024-25 nearly $200 million in payments were paid out to ensure that providers are able to deliver critical homeless services.

Budget Requests for 2024-2025

LAHD is requesting funding to hire 65 new positions requiring a budget of. $110 million. Ten (10) positions would be used to assist with the LAHD hotline, reducing the long wait time. Nineteen (19) positions would work in the Assets Management Administration Program to review existing

portfolios to prevent any potential loss of "any residential unit that is struggling" and to expand the Loan Portfolio of Troubled Assets. Twenty-two (22) positions would work with Homeless Services to Increase accountability at the Los Angeles Homeless Service Authority (LAHSA). Also, LAHD Managers would provide oversight and audit records and files of service providers. All positions would be 100 percent funded by the General Fund since LAHD does not receive funding to provide homeless services.

CONCLUSION

The Housing Department is well managed. *The Systematic Code Enforcement Fee Fund (CODE)* and *Rent Stabilization Trust Fund (RENT)*, etc., allow for the department to carry out its mission of financing affordable housing, monitoring the affordable and new residential units for compliance citywide, and continuing with hotel conversions repurposed into residential units.

INFORMATION TECHNOLOGY AGENCY

Meeting of December 9, 2024

ATTENDEES

Information Technology Agency**:** Ted Ross, Chief Information Officer and General Manager; Tita Zara, Assistant General Manager of the Finance, Administration, and Internal Operations
Budget Advocates**:** Alejandra Elena "Alena" Escobedo and Cindy Cleghorn

RECOMMENDATIONS

- Expedite hiring processes to restore critical positions lost due to budget freezes.
- Offer competitive incentives such as flexible work arrangements and diversity-focused recruitment strategies to attract and retain talent.
- Secure additional funding for infrastructure upgrades including 911 systems and data centers.
- Fully implement the Zero Trust model to enhance cybersecurity, accompanied by regular audits and posture checks.
- Expand outreach for digital equity initiatives, including translation services and accessibility features.
- Leverage public-private partnerships to maximize resources through discounted services and free training.

DISCUSSION

The Information Technology Agency (ITA) is vital to maintaining and advancing Los Angeles' digital infrastructure. It provides essential services to 41 city departments, including public safety, data management, and technological modernization. Despite operational challenges, the ITA continues to demonstrate fiscal responsibility and innovation, ensuring reliable and secure services for Angelenos.

Revenue

The ITA's operations are funded through a combination of the city's general fund, grants, and revenues generated from interdepartmental services. Rising costs for hardware, software licenses, and maintenance heavily impact the ITA's budget, emphasizing the need for strategic resource allocation and supplemental funding sources.

Staffing

The ITA has experienced a sharp decline in staffing, from 839 employees in 2008 to 393 in 2024. This 23% vacancy rate has significantly affected service delivery, particularly for public safety, cybersecurity, and night operations. Outsourcing has been used as a temporary measure, but it is three times more expensive than hiring full-time staff, underlining the necessity of expediting hiring processes and creating competitive retention programs.

Infrastructure

Approximately 60% of the ITA's network operates on end-of-life systems, posing cybersecurity and reliability risks. Budget constraints have delayed modernization efforts, affecting critical services such as 911 systems, radio networks, and data centers. The aging infrastructure requires immediate upgrades to maintain operational efficiency and public safety.

Challenges

Cybersecurity remains a top priority for the ITA, particularly with the adoption of the federal Zero Trust model. However, staffing shortages on the cybersecurity team hinder progress, leaving high-risk departments like LAPD, DWP, and LAX vulnerable to cyber threats. Additionally, rising costs for licenses and hardware strain the agency's budget, requiring innovative solutions to optimize spending.

Public-Private Partnerships

The ITA leverages collaborations with leading companies such as Google, Microsoft, and Cisco to access free training, discounted services, and innovative tools. These partnerships amplify the ITA's capabilities and allow for cost-effective service delivery while fostering technological advancements across city departments.

CONCLUSION

The ITA's efforts are fundamental to the efficient operation of Los Angeles. Addressing its challenges through targeted staffing solutions, strategic investments, and enhanced partnerships will ensure the agency continues to deliver innovative, secure, and reliable technology services. By prioritizing infrastructure modernization, cybersecurity, and digital equity, the ITA can effectively meet the evolving needs of the city and its residents.

LOS ANGELES PUBLIC LIBRARY

Meeting of December 5, 2024

ATTENDEES

Los Angeles Public Library: John Szabo, City Librarian; Madeleine Rackley, Business Manager
Budget Advocates: Glenn Bailey, Kay Hartman, Lionel Mares

RECOMMENDATIONS

Strengthen Library Services Through Strategic Planning and Community Engagement

- Extend the Library Experience Office
- Publish a plan for the future of the Angel City Press
- Partner with the Neighborhood Councils to enhance Angel City Press outreach
- Develop a 5-year strategic plan and publish it on the Library's website
- Finalize the Library's capital plan

DISCUSSION

Under the leadership of City Librarian John Szabo, the Library has ~~a~~ broadened its role in serving the community beyond the traditional book lending. It now offers a wide range of services, including income tax preparation, literacy and financial education programs, adult high school diploma completion, and support for immigration and citizenship processes. During the COVID-19 pandemic the Library its own printing press provided safe parking with WIFI access, ensuring digital connectivity for those in need.

Revenue

For the 2024-2025 fiscal year, the Library's budget is set at $265 million, an increase from the $241.8 million allocated in 2023-2024. The Library is funded entirely by Measure L, which voters approved in March 2011. This measure guarantees the Library 0.03% of the assessed value of all taxable property in the City, ensuring a dedicated funding stream in response to past budget cuts. However, the Library's budget fluctuates with changes in property values, shrinking when assessments decline.

Staffing

The Library contracts with various city departments to fulfill essential services but due to budget cuts in those departments, capacity issues are preventing them from meeting the Library's needs. While the Library has the necessary funds, the contracted departments lack sufficient staff to deliver services effectively.

Due to its independent funding source, the Library has maintained all its positions without any staff reductions.

LIbrary Experience Office

The Library Experience Office plays a crucial role in supporting individuals experiencing trauma by fostering a safe and inclusive library environment. It equips staff with trauma-informed

training, provides on-site social workers and Community Service Representatives, and collaborates with mental health and social service organizations to assist both patrons and staff.

Recognizing that a multifaceted approach is necessary, the Library Experience Office ensures that responses to challenges extend beyond law enforcement. While LAPD support remains valuable, relying solely on the police intervention is not always appropriate.

The Library envisions a future where the services provided by the Library Experience Office are no longer needed, but until then, its efforts have been instrumental. From administering NARCAN in emergencies to assisting patrons experiencing mental health crises, the Office continues to make significant impact in meeting the needs of the community.

Onsite and Remote Access

Public programming has yet to return to pre-pandemic levels, with much of it concentrated at the Central Library. However, story time remains a thriving feature at local branches.

Within the Library's collections, the demand for online content is high. A majority of material checked out is digital, leading to increased investments in digital resources.

While the COVID -19 lockdown shifted all services online, the Library now offers a mix of online or hybrid resources where appropriate. Google analytics indicate that users are accessing these resources from around the world.

Beyond digital outreach, the Library has expanded its presence, including the PBS show Story Hackers, which is also available for streaming on YouTube.

Meanwhile, book banning is remains a significant issue in country and Los Angeles residents should be aware of the threats facing libraries as institutions. The Library represents intellectual freedom by ensuring its collection represents diverse voices and perspectives. Patrons who wish to challenge an item in the collection can submit a form specifying their concerns, allowing the Library to address the issues thoughtfully.

Angel City Press

In early 2024, the Library completed the acquisition of Angel City Press as the result of a donation from its retiring owners. This acquisition provides an exciting opportunity to expand the Library's offerings to better reflect the diversity of Los Angeles. The Library has the capacity

to publish five to eight books annually and welcomes submissions from both published and first-time authors.

The Library is planning dedicated to preserving and promoting the rich history of Los Angeles, with a focus on art, architecture, photography, design, and cultural history. However, it will not be used to publish materials about the Library itself.

As the Library works to promote the works of the Press, it should be aware that the Neighborhood Councils can help.

Challenges

One major challenge is the Los Angeles Police Department (LAPD), which is unable to fully staff its positions, limiting its ability to provide services beyond its core mandate. The Library has a Memo of Understanding with the LAPD and budget for contract security to fill gaps. However, contract security personnel often lack experience and has high turnover. The Port of Los Angeles, Department of Water and Power, and Los Angeles World Airports offer higher wages, making difficult for the Library to attract and retain security guards while sworn law enforcement is primarily allocated to the Central Library downtown. The Library lacks sufficient officers to meet its security needs.

Another challenge is with General Services, which handles cleaning, bathroom repairs, and small capital projects for Library branches. Due to staffing shortages, obtaining quotes and completing repairs takes an extended period. While General Services remains a valuable partner, their limited workforce hampers their ability to address the Library's needs promptly.

There is more urgency in emergencies, but even still, response times remain slow. The Library allocates budget for facility alterations and improvements, but when urgent issues arise, it often means other planned needs to go unaddressed. Unlike many other City departments, the Library has maintained its staffing levels thanks to its independent funding source, but it continues to face operational challenges due to the staffing constraints of is contracted service providers.

A key challenge moving forward is safeguarding the Press from political influences while maintaining its focus on Southern California's history, culture, and people. Over the next year, the Library will concentrate on managing the transition and refining its vision for the press. There are many possibilities, including publishing e-books and children's books, but a clear strategic plan is needed to define priorities and objectives.

To successfully promote Angel City Press and its publications, the Library should consider leveraging the support of the Neighborhood Councils to enhance outreach and community engagement.

Plans

The Library's previous five-year strategic plan concluded in 2020. It's focus shifted toward recovery from the COVID-19 pandemic, updating the plan was not an immediate priority. However, a dedicated person has now been hired to develop a new, up-to-date plan. The Library is committed to gathering broad input from the community and drawing inspiration from successful initiatives at other libraries. Given the rapid pace of technological change, the Library is also considering whether a shorter planning cycle may be more effective. Finalizing the strategic plan and publishing it on its website should be a priority.

The Library is engaged in a capital improvement planning process assessing the need for additional facilities. The final plan may outline significant funding requirements that could necessitate a bond measure. Completing this process is essential for the Library's long-term infrastructure and growth.

The Language Access Plan was developed in response to Mayor Garcetti's Executive Directive 32: Strengthening Language Access in the City of Los Angeles, issued in December 2021. The Library staff speak a wide range of languages and collections, including new acquisitions are in many languages. The Library remains committed to ensuring equitable language access and has designated a specific budgeted position to oversee these efforts.

CONCLUSION

Angelenos take pride in their Library system, which continues to serve as a vital resource for the community. Under City Librarian Szabo's visionary leadership, the Library has expanded its role beyond traditional services, making it an invaluable treasure to the city.

OFFICE OF THE MAYOR

Meeting of December 04, 2024

ATTENDEES

Mayor's Office: Matt Hale, Deputy Mayor for Finance, Operations and Innovation; Marissa Bowman, Director of Community Engagement

Budget Advocates: Kay Hartman, Barbara Ringuette, Elvis Diaz, Jay Handal

RECOMMENDATIONS

- Provide a minimum one-year plan for the Inside Safe program.
- Develop a more realistic budget for the Mayor's Office.
- Provide the funding essential to financially manage emergencies.
- Restore the Reserve Funds to 10% of the City Budget
- Fully fund core essential services while reducing and/or eliminating fringe departments.
- Do a better job communicating with the City Attorney on trends and expectations to improve the accuracy of the City's liability budget.
- Begin developing a multi-year budgeting process by studying jurisdictions that use it and learn what does and does not work.

DISCUSSION

The Mayor is the City's executive officer. The position is one of three City-wide elected offices, the other two being City Attorney and Controller. The Mayor exercises supervision over all of the City's affairs, submits proposals and recommendations to the City Council, approves or vetoes ordinances passed by the Council, and is active in the enforcement of the City's ordinances. The Mayor recommends and submits the annual budget. The Mayor appoints City officials and Commissioners, subject to confirmation by the City Council.

When considering the budget, there is the budget for the Mayor's Office and the budget for the City.

Mayor's Office Budget

The Mayor's Office budget for the 2024-2025 fiscal year is $10.1 million. The fiscal year 2023-2024 was also $10.3 million and the actual expenditures that year were $59 million. The fiscal year 2022-2023 fiscal year budget was $9.4 million and the actual expenditures were $51 million. The fiscal year 2021-2022 budget was $9.1 million. The actual expenditures were $71.1 million. And it continues to years earlier. These figures cover two mayors so there's no specific mayor under-budgeting its office. The Mayor's Office needs to set an example for the City as a whole and create more realistic budgets for itself.

The City Budget

The Mayor delivers a Policy Letter for the budget in September. The departments submit their budget requests, adhering to the policies described in the Letter, in November.

The Mayor is required by the City Charter to deliver a budget for the next fiscal year no later than April 20 of the current year. The City Council holds hearings on the Mayor's budget and makes their changes. Historically, the changes are very small. This City Council then passes a budget for the Mayor to sign.

The Mayor announced she wants to institute zero-based budgeting which allows the City to start from zero each year rather than basing next year's budget on the current year's budget. This aligns resources with impactful services rather than continuing as always. This transition cannot be made in a single year so the departments are being asked to tell the mayor what services they delivered and which were and were not successful. This allows the Mayor's budget team to evaluate the services and see if the things the City is doing still make sense for the next year.

The Mayor has a Budget Team that oversees financial planning and budget allocation to meet City priorities. Current challenges include declining revenue, rising costs, and insufficient reserves. The pandemic's revenue collapse and the temporary federal aid created fiscal instability.

The Mayor's budget team is trying to identify potential savings and looking for possible departmental consolidations. Hopefully this will enable them to fully fund core essential services while reducing and/or eliminating fringe departments.

The Reserve Fund is the City's emergency fund. The fiscal year 2019-2020 second Financial Status Report (FSR), stated the Reserve Fund was 8.55%. This helped the City survive during the COVID-19 lock down until Federal and State money flowed in. The Mayor's team said the 2019-2020 budget was the best budget the City has had.

Unfortunately, the City uses the Reserve Fund as a rainy-day fund, dipping into it to cover budgetary shortfalls. The Budget Advocates have recommended for many years a Reserve Fund of 10%. While the City aims for a Reserve Fund of 7%, the City Policy is to maintain a 5% Reserve Fund. The City must declare a fiscal emergency if the Reserve Fund dips to 2.75%. According to the fiscal year 2024-2025 second FSR dated December 6, 2024, the Reserve Fund stands at 4%. This leaves us wondering where the money to fight and recover from the fire emergency will come from.

Current challenges include declining revenue, rising labor and supply costs, inflation, uncertain revenue streams, and insufficient reserves. The City is living on the margins. It's been through feasts and famines. The City is resilient. Rebuilding the reserves is the Mayor's top priority for the next fiscal year.

The Mayor's budget team is looking at every expense through an equity lens. They are trying to spread the funds as fairly as they can. Fairly does not mean equally. For example, not every part of the City will have an Olympics venue. Still, we need to think about how we can make sure every community benefits from the Olympics.

While Proposition 13 (1978) limits property taxes, which in turn limits City revenue, Proposition 218 (1996) limits the increase or imposition of fees without voter approval and Proposition 26 (2010) raises the number of votes required for a new tax or fee from a majority to a super-majority. At the same time the City is struggling to deliver services, it is hamstrung to increase the fees and taxes that could help pay for them.

Multi-Year Budgeting supports long-term planning. The Mayor thinks it requires a change to the Charter. The Budget Advocates think it does not. The Mayor is required to deliver a budget for the next fiscal year no later than April 20 each year. There is no language in the Charter that prohibits her from taking a longer-range view.

A multi-year budget can smooth out the boom-and-bust cycles, but what happens when the City is in the middle of a three-year budget and revenues are lower than expected? Doing multi-year budgeting would require the City to implement the right controls. Studying jurisdictions that use multi-year budgeting would be a good place to start understanding the right and wrong ways to do it.

Homelessness

The Budget allocates $185.5 million for the Mayor's Office of Housing and Homelessness Solutions. This is the funding for the Mayor's Inside Safe program. The Inside Safe funding is stored in two accounts, the Homeless Emergency Account (HEA) and the Inside Safe Reserve Account. The HEA was created by Council File 23-0033 and seeded with $23.4 million from the COVID-19 Emergency response account and $26.5 million from the additional Homeless Services - General City Purposes account. Regular reporting is required to move money from the Inside Safe Reserve Account to the HEA and the Mayor is required to bring an appropriation request to the City Council once per month. The HEAs are stored in the Council File System. For example, the December 26, 2024 HEA can be found at this link.

As of November 30, $28.5 million from the HEA was spent this fiscal year. In the same period of time, there were 19 operations and 37 response efforts.

The contract rate to rent hotel/motel rooms is $100 to $220 per day. Facility costs such as property improvements and damage repairs since the beginning of the program in 2023 are $460,658.

While the Mayor is required to bring an appropriation request to the City Council once per month, the rest of the City doesn't see an overall plan. A month-by-month or quarter-by-quarter plan does not provide the transparency the City should produce. There should be an overall, multi-year plan that shows how and when the homelessness crisis will be solved and what it will cost. The plan could be updated each year, but the City as a whole deserves to understand what the plan is and how this large allocation of funds may be used.

Liability Management

The City budgeted approximately $87 million for liability payments each year since fiscal year 2021-2022. The 2023-2024 payouts were approximately $166 million. The payouts are expected to be in the $250 million neighborhood this fiscal year. The City is investigating borrowing $80 million in a five-year general obligation bond to cover this expense. The City would be required to repay this with interest. It is not a foregone conclusion that a bond issue will be approved by voters and issued, but the City will have a cash flow problem if it doesn't.

The City needs more accurate liability planning. This cannot be done without the cooperation of the City Attorney. The City Attorney knows what cases are winding through the courts. Without an estimate from her about which cases might complete and what they might cost, it will be impossible to create a more reasonable liability budget. The Mayor's Office needs to do a better job communicating with the City Attorney on trends and expectations.

Liabilities for the Los Angeles Police Department (LAPD) will always be high because the work is risky. LAPD has been responsible for a small number of expensive liability settlements. It needs to develop strategies on risk management including strategies to improve its culture.

The Department of Public Works has a high number of less expensive cases. For Public Works, the City needs to invest, to make its infrastructure, particularly streets and sidewalks, safe. The Hyperion Sewage Treatment plant could be a major source of liability if the City can't reduce the pollutants it discharges. The City needs also to consider the underground infrastructure and its impact on liabilities.

Another area that could help liability management is to increase departmental awareness of their contributions to the City's overall liabilities. As Budget Advocates interview department heads and ask about their share of the liability payouts, the answer is almost always "I don't know; it's handled by the City Attorney". We can't hold departments accountable for what happened years ago and is only now winding its way through the courts. We can hold departments accountable for future issues that cause lawsuits and the City could incentivize departments to reduce their liabilities. Of course, this won't work if the City doesn't fund fixing our broken infrastructure. General managers should know what their liabilities are. Everybody should be involved in mitigating risks.

Infrastructure Planning

The City is pursuing $3 billion in federal funding for infrastructure improvements ahead and in support of the Olympics. Executive Directive 9 emphasizes developing a multi-year infrastructure plan to enhance transparency and sustainability. The City has been living without a plan while its infrastructure crumbles, and repairs remain underfunded. The infrastructure plan is being developed by a team of leaders from the related departments. The focus is not just fixing dangerous conditions, but actually improving City infrastructure. This effort has been needed for a long time and it's good to see it finally starting.

CONCLUSION

Strategic financial planning, departmental accountability, and working across department lines are essential to addressing the City's fiscal challenges. Collaborative efforts with the Mayor's Office can help stabilize the City's budget and deliver improved services. Viewing the budget through an equity lens can make sure needed services are delivered across the City. A strong Reserve Fund is necessary to protect the City in times of emergency.

DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT

Meeting of December 12, 2024

ATTENDEES

Neighborhood Empowerment: Carmen Change, General Manager; Armando Ruiz, Director of Administrative Services
Budget Advocates: Brian Allen and Mihran Kalaydjian

RECOMMENDATIONS

- Consolidate the processing of financial activities for the Congress of Neighborhoods and the Neighborhood Council Budget Advocates under the jurisdiction of the City Clerk
- Improve training programs for Neighborhood Council board members
- Establish a working group or groups to focus on Neighborhood Council system issues, protocols and concerns
- Develop a plan to allocate a percentage of unused NC funds to DONE to help ineffective Neighborhood Councils become effective
- Address operational discrepancies in Neighborhood Councils citywide

DISCUSSION

The Department of Neighborhood Empowerment (DONE) serves as the leading administrative support of the Neighborhood Council (NC) system. The Department was established to facilitate neighborhoods to engage with City government. This may be messy at times but that is Democracy at its best.

Over the last couple of years, DONE has faced many challenges, including on-the-fly changes during the pandemic and a concurrent loss of personnel during this fiscal year.

To improve support for the NCs, DONE needs to enhance its communications with them to address both previously existing and more recent concerns. The Department would do well to establish one or more working groups to obtain input identifying NC needs and to develop new methodologies that would benefit all concerned.

Additional training is essential for implementing new procedures, ensuring operations are consistent across the NC system. In particular, repeat training is necessary on meeting protocols and procedures both for new and current NC board members.

While change is inevitable, the potential impact of change requires a great deal of evaluation. When the decision is made to move forward with a change, greater effort is needed to smoothly integrate the change into the existing systems.

DONE staff are dealing with increased obligations due to changing policies and assigned responsibilities resulting in staff remaining spread too thin. It will take time to hire and train personnel to perform effectively.

DONE's responsibilities are very challenging and the additional effort to address issues of NC financial responsibilities coupled with the intricacies of Monthly Expenditure Reports, may better be addressed by the Office of the City Clerk. These responsibilities do not appear to be a specific part of DONE's mandate under the City Charter. Since it already handles funding for the NCs, these remaining financial duties should be delegated to the Office of the City Clerk to ensure consistency of response.

Additionally, to address expeditions processing of financial matters for the Congress of Neighborhoods and for the Budget Advocates, these responsibilities should also be moved to the Office of the City Clerk.

Budget and Budget Challenges

DONE's 2024-25 total approved budget was $3.93 Million (M) with an increase 3.12% or $119 thousand dollars from the prior year. This budget is derived from City Charter Chapter 117 Department of Neighborhood Empowerment Fund Sec. 5.517.

The department is short-staffed and have lost nearly 80% of their contractual services budget making it difficult to support NCs through training and advice

Programs will need to be identified for the requested further reduction of expenses, that is, six percent across the board and ten percent in contractual services. The City may have been counting on more vacancies/retirements and a freeze on hiring plus furloughs to generate an 11% cut in salaries.

This feels like an inappropriate approach by the City especially in departments with limited budgets who don't have the depth of personnel or resilience to maintain their basic obligations. Internally, the issue is that 15% of the NCs generate problems that absorb 60% of DONE's time. Almost every issue boils down to a simple solution – better training. And better training requires more and better trained staff for more hands-on help.

Election outreach is the primary expense in the Supplemental Budget even while elections are every two years. It is appropriate to discuss DONE and NC budgets addressing election support each year. The need to encourage stakeholders to run for NC board positions has been and will continue to be a significand undertaking, as does the need to encourage stakeholder turnout for NC elections.

A few Neighborhood Councils need assistance to become effective. This could begin by identifying NCs that need assistance and assigning a core group of experienced NC board members from successful NCs to provide peer-to-peer assistance. Allocating funds to develop resources would assist with this effort.

Focusing on metrics – by DONE and by the city – to evaluate programs is hollow, if it's a bunch of numbers, and not real changes that benefit the community. For Example, the number of Community Impact Statements (CIS) submitted is a statistic. The real question is – what changes, what solutions did they drive?

Metrics

Focusing on metrics – by DONE and by the city – to reflect and justify success is hollow, if it's a bunch of numbers, and not real changes that benefit the community. For example, the number of Community Impact Statements (CIS) submitted is a statistic. The real question is – what changes, what solutions did they drive?

Staffing

The Department operates with 35 Regular positions and three resolution positions, four fewer positions than the previous year.

CONCLUSION

This is a department in transition. Its purpose and goals need to be clarified to ensure effective management of NCs and resources moving forward.

LA City must ensure that the purpose of DONE is to empower NCs to communicate community concerns to the City's elected officials.

PERSONNEL DEPARTMENT

Meeting of November 15, 2024

ATTENDEES

Personnel**:** Grayce Liu, City Engagement Officer; Paula Dayes, Assistant General Manager; Jenny M. Yau, Chief Management Analyst; Aaron McCraney, Assistant General Manager Medical Services.
Budget Advocates: Jay Handal and Glenn Bailey

RECOMMENDATIONS

Human Resources

- Hire additional personnel to be more efficient as a department.
- Reduce an 18-month delay in hiring and expedite the hiring process city-wide.

Occupational Safety

- Add staff to ensure timely and compliant job execution.
- Hire an industrial hygienist to comply with safety protocols.

DISCUSSION

The Personnel Department recruits, hires, and retains a qualified workforce by managing the City's employment processes. This includes recruitment, selection, classification, compensation, benefits, employee development, and adherence to employment policies, ensuring a fair and equitable system for all city employees.

Goals

The Department attracts diverse candidates, maintains a competitive compensation structure, fosters employee development, and upholds ethical employment practices.

Revenue

For fiscal year 2024-2025, the Department's total operating budget is $83.01M, an increase of $2.75M from the prior year.

The department's revenue comes from both the General Fund and Special Funds:
The General Fund allocation is $71.11 Million (M), 84% of the department's total operating budget. The General Fund allocation increased by $2.02M from last fiscal year while several Special Funds decreased their contributions. Special Funds contributed $11.97M, or 14.4% of the total budget, derived from fees for permits and services provided to city residents and businesses.

The top two Special Funds were: Building and Safety Permit Fund contributed $1.63M, representing an $80K increase from fiscal year 2023-24. The City Employee Ridesharing Fund contributed $2.30M, representing an increase of $625K from the prior fiscal year.

Revenue from other Special Funds decreased from the last fiscal year. The Sewer Operations and Maintenance Fund contributed $1.97M, a decrease of $66.49K.

Staffing

The department's total staff is comprised of 610 Regular Authority positions and 35 Resolution Authority positions. This fiscal year, staff increased by 24 regular positions over the prior fiscal year, while resolution positions decreased by 35 from the last fiscal year.

The deletion of funding and regular authority for 26 positions resulted from the Mayor's mandate to eliminate vacant positions. Resolution authority positions that are not continued as part of the elimination of vacancies are reflected in the Deletion of Funding for Resolution Authorities Item. The 26 positions were eliminated from various programs, resulting in a reduction of $3.9 million.

Staffing Shortages

The department is facing a significant staff shortage and needs an additional eight employees. The shortage raises concerns about potential citations from the State for noncompliance. Several personnel have been removed from their role especially impacting the occupational safety section. Currently, there is no industrial hygienist on staff, raising concerns about safety protocols and state compliance.

Delays in hiring due to staffing shortages in the Personnel Department create not only a problem for this department but also for hiring personnel in other city departments. On average, after the department's elimination of vacant positions, it takes about 18 months to catch up on hiring. This delay impacts other departments' ability to meet their hiring needs. As of this report, one hundred thirty (130) exams are waiting to be processed.

Workers' Compensation Claims

There are three types of claims that are costing the city millions of dollars. Civilian employee claims total $52.6 M. The Los Angeles Police Department (LAPD) claims total $143.6 M, and the Los Angeles Fire Department (LAFD) claims total $50.4 M.

These excessive costs highlight the ongoing strain on resources and the need for more robust risk management and injury prevention strategies.

CONCLUSION

There is an urgency to address staffing shortages, to make the hiring process more efficient, and to mitigate liability risks, especially related to Workers' Compensation. The department is under pressure to secure additional resources and ensure compliance while dealing with a significant vacancy rate.

BOARD OF PUBLIC WORKS

Meeting of December 10, 2024

ATTENDEES

Board of Public Works: Vahid Khorsand, President of the Board of Public Works; TJ Knight, Acting Executive Officer

Budget Advocates: Mihran Kalaydjian and Cindy Cleghorn

RECOMMENDATIONS

- Investigate and eliminate overlap in functions and duties between this Board and other City departments [Potential savings}
- Develop policies and procedures to combat copper wire theft and ensure sufficient funding to make repairs quickly
- Develop an on-line bidding process

DISCUSSION

Since 1906, the Board of Public Works (Board) has served as General Manager for the Department of Public Works (DPW), overseeing five operating Bureaus: Contract Administration, Engineering, Sanitation, Streeting Lighting, and Street Services).

The Department of Public Works (PW) consists of more than 6,200 employees and is responsible for the design, construction, renovation, and operation of public projects ranging from bridges to wastewater treatment plants to libraries; curbside collection and graffiti removal; and maintenance of streets, sidewalks, sewers, streetlights, and street trees.

The DPW operates on a combined annual budget of nearly $1.67 billion.

The Board's mission includes providing infrastructure and services that promote public safety, economic growth, and environmental sensitivity while ensuring public participation and effective emergency responses.

Challenges

Bidding for public works contracts is very paper intensive and is subject to errors and missing information. Many contracts are not awarded to qualified bidders due to these errors and omissions. Putting the bidding process online would make the process easier, cheaper, and more efficient, and would create a smoother process for the implementation of E-Bonding and E-Payments.

Street Lighting

Most of the funding provided to Street Lighting is directed to repairing the damage from copper wire theft. The Bureau has enhanced its relationship with the LAPD in this regard. A lot of money is spent replacing the wire.

2025-26 Budget Proposal

• Deputy Petroleum Administrator: $129,988 (General Fund) for oversight and stakeholder engagement in oil well and pipeline safety.

• CleanLA Workforce Development: $1.2 million to create 25 jobs for litter, weed, and right-of-way cleanup in underserved communities.

• Graffiti Abatement: $856,220 for specialized Strike Force crews to address bridges and tunnels, areas with high abatement costs requiring specialized equipment.

• Board of Public Works Town Halls: $30,000 to conduct community engagement meetings across the City and in Van Nuys.

• Public Affairs Office: $336,448 for staff positions to improve media communications and public information sharing.

• Homeless Services: Continuation of Mobile Pit Stop and Shower Programs funded through homelessness-related grants.

• Clean & Green Program: $1.15 million to support community beautification efforts with non-profit partners like the LA Conservation Corps.

• Accounting: 50 positions, including upgrades for financial tracking, permitting, and grant administration to meet growing compliance demands.

• Climate Emergency Mobilization Office (CEMO): $194,536 to retain positions supporting extreme heat initiatives and climate equity efforts.

• Urban Forest Management: Requests continuation of Environmental Specialist ($117,679) to address tree canopy equity in underserved areas.

Budget Reductions

A 6% reduction exercise may target contractual services, directly impacting pothole repairs and cleanliness programs.

CONCLUSION

With several world-class events being hosted by the city in the near future, it is important that key structures be updated to meet increased demand forecasted.

Investments in infrastructure now will pay dividends well into the future. The city should continue to provide the funding required to achieve these beneficial goals.

DEPARTMENT OF RECREATION & PARKS

Meeting of November 15, 2024

ATTENDEES

Recreation & Parks: Jimmy Kim, General Manager; Matthew Rudnick, Executive Officer; Noel Williams, Chief Financial Officer
Budget Advocates: Tony Michaelis, Glenn Bailey, Mihran Kalaydjian, and Brian Allen
Neighborhood Council member: Kathy Schreiner

RECOMMENDATIONS

- Subsidize summer camp cost for low-income children in the amount of $3 million
- Expand the Community Park Program, increasing the number of school open spaces available for public recreational use from 10 sites to 20
- Increase funding for graffiti removal and vandalism repair, five and grant requests for security enhancement at five sites
- Expedite hiring and fill vacancies, while exempting the Department from the PCH process for operationally critical positions
- Allow Departments to revise their performance metrics before the Adopted Budget is published, ensuring that metrics accurately reflect funded programs and priorities.

DISCUSSION

The Department of Recreation and Parks (RAP) oversees more than 16,000 acres of parkland across 559 park sites, providing a wide range of recreational, social and cultural programs in neighborhoods throughout Los Angeles, from the valley to the coast. RAP is responsible for maintaining and operating numerous facilities, including athletic fields, playgrounds, tennis courts, recreation centers, outdoor fitness areas, swimming pools, aquatic centers, senior centers, skate parks, golf courses, museums, and dog parks.

Revenue

RAP receives funding based on the City Charter which states "there shall be appropriated an annual sum of not less than 0.0325% of assessed value of all property as assessed for City taxes.". For the 2024-2025 fiscal year, RAP's budget is $348 million, an increase from $339 million in 2023-2024. However, Programs and Services have decreased to $222 million, down from $240 million in the prior year. This reduction is due to higher chargeback costs, including expenses for the Department of Water and Power (DWP), health benefits, and pensions. While fee revenue is expected to rise with increased park visits, pricing remains limited to ensure affordable access to public facilities and services.

Staffing

The 2024-2025 adopted budget allocates 1,608 positions, down from1711 positions in 2023-2024.However, RAP estimates ~~that~~ the actual reduction to be closer to 200 positions due to the conversion of part-time roles into half-time positions. The current vacancy rate stands at 18-20%

an improvement from 25% in the previous fiscal year. Hiring remains a challenge, as it requires approval through the Priority Critical Hiring (PCH) program, followed by the service process.

The Targeted Local Hiring program has successfully onboarded over 200 staff, primarily filling entry-level positions such as clerks, gardeners, and some tree surgeon positions.

Budget Highlights

Despite a reduction in staff, most key program areas show increased visitation, and key performance metrics remain stable. However, limiting staffing levels can impact service quality, such as the frequency of restroom cleanings per day and other maintenance related tasks.

Budget Priorities 2025-2026

Given the City's budget constraints, RAP management plans to request continued funding under the existing mandate while maintaining current expenditure levels. Additionally, they will seek, supplemental funding for initiatives that align with the Mayor's priorities for the upcoming fiscal year. A key challenge remains retirements and staff attrition, particularly among critical positions essential to efficient program and operations and service delivery.

Additional Projects

- Strengthening the Emergency Management Programs to enhance disaster preparedness and response efforts.
- Preparing for LA28 (Olympic Program Development) including facility upgrades and community activation events (e.g. viewing parties), with private funding contributions from LA28.
- Identifying and securing funding for New and Expanded Facilities to accommodate growing community needs and improve recreational access.

Program Highlights

The Sepulveda Basin Park Ranger deployment remains an ongoing discussion. Currently there is no fixed deployment, yet there is a recognized need for a substation to enhance security and oversight. While $2 million of federal funds have been earmarked for this project, additional funding is needed to fully establish the substation.

During the pandemic, RAP staff's emergency preparedness skills played a key role in supporting mass care programs for unhoused individuals. Currently, 5-6 transitional shelters operate on park land under the City's homeless emergency declaration. However, additional shelter projects are generally not located on park land, as it is legally designated for public recreational and open space use.

RAP continues to explore alternative funding sources to support its initiatives. One potential source is the State Climate Bond, which was recently passed and may provide funding for park and coastal area projects.

A Parks Needs Assessment authorized in last year's budget is now underway. This study will evaluate park utilization and identify capital improvements needed for aging infrastructure. Since capital improvements are generally not included in the operating budget, this assessment will help prioritize future investments.

Senior centers are operating successful with facility directors at all locations, and recent program enhancements are now fully implemented. On the financial side, RAP has limited exposure to litigation costs compared to other City departments. Additionally, the first Financial Status Report shows no overspending, demonstrating effective budget management.

CONCLUSION

The RAP management team continues to deliver high-quality services to the City despite budget constraints, demonstrating efficiency and commitment to community recreation and park maintenance.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACER)

Meeting of January 27, 2025

ATTENDEES

Los Angeles City Employees' Retirement System (LACERS): Todd Bouey, Executive Officer/Assistant General Manager
Budget Advocates: Alena Escobedo

RECOMMENDATIONS

- Expedite the creation and renewal of hiring lists, particularly for senior analysts, cybersecurity, and leadership roles
- Provide additional resources and staffing for Information Technology Agency (ITA) to support Human Resources and Payroll system implementation
- Improve data accuracy and transmission between the City and LACERS for payroll and demographic records
- Ensure consistent funding contributions to mitigate the net pension liability and maintain investment stability
- Consider revisiting Cost of Living Adjustments (COLAs) for retirees in light of inflation trends

  For LACERS
- Continue leveraging the "Target Local Hire Program" and part-time staff to address vacancies.
- Enhance cybersecurity measures, including penetration testing and targeted employee training.
- Maintain long-term investment strategies to ensure pension sustainability while adjusting asset allocation prudently.
- Utilize the 115 Trust to smooth cost spikes and sustain affordable retiree healthcare benefits.
- Continue efforts to keep business costs conservative while optimizing operational efficiency prioritizing domestic infrastructure over emerging markets

DISCUSSION

Vacancy Rates

LACERS has reduced its vacancy rate from 13% to 7% by leveraging the City's personnel lists and utilizing part-time and as-needed staffing. With the current lower vacancy rate, LACERS is shifting its focus toward consolidating work among full-time staff. However, challenges remain in hiring for specialized roles such as senior analysts, cybersecurity, and leadership positions due to the expiration of eligible hiring lists. The City's testing processes have struggled to keep pace with hiring demands, necessitating more efficient and frequent renewal of hiring lists.

Human Resources and Payroll System (HRP)

Following the June 2024 implementation of the HRP system, LACERS has faced significant challenges in integrating payroll and demographic data. A key issue has been the City's lack of

preparedness in supplying accurate membership contributions and benefit plan details. LACERS hired additional staff to handle manual reconciliations and has been relying on Workday contractors on a quarterly basis. While the system offers improvements, ongoing ITA support is required to address bugs and system programming issues effectively.

Cybersecurity

LACERS operates within the City's network while also maintaining its own secure system. Regular penetration testing is conducted to identify vulnerabilities, and security measures are continuously updated to enhance monitoring and control of department devices. A particular focus has been placed on training senior staff, who may be more vulnerable to cybersecurity threats as they approach retirement. Continued investments in technology and security protocols remain a priority.

Unfunded Liability

LACERS conducts an assessment every three years, with the next one scheduled for 2026. Currently, the department is reviewing its asset allocation strategy with the Board. If investment rate assumptions are adjusted to align with more conservative estimates (e.g., 6%), the City may need to contribute more to bridge funding gaps.

Investment Income and Strategy

LACERS reported an 8.4% aggregate annual money-weighted rate of return for 2024. However, returns are smoothed over a seven-year period to mitigate variability. The department is adjusting its asset allocation by increasing investments in domestic infrastructure while reducing exposure to emerging markets to ensure a more conservative strategy.

OPEB Plans

The Postemployment Health Care Plan holds a net OPEB asset of $226 million, attributed to pre-funding strategies rather than a pay-as-you-go approach. LACERS has consistently secured lower-cost healthcare benefits compared to the broader market, generating savings that contribute to the 115 Trust. This trust helps stabilize cost spikes and ensures members receive optimal benefits.

Net Pension Liability (NPL)

As of June 2024, the Net Pension Liability (NPL) for the Retirement Plan stands at $7.3 billion. Annual evaluations indicate that contribution rates have been decreasing, but rising City salaries necessitate increased contributions. The three primary funding sources—member contributions, City contributions, and investment returns—must be balanced to maintain pension sustainability.

Cost of Living Adjustments (COLAs)

Currently, COLAs are capped at 3% for Tier 1 members and 2% for Tier 3 members. Given recent inflation trends, LACERS has proposed that the City reassess these caps. A January 2024 analysis

determined a cost-of-living adjustment of 3.3%, but retirees, particularly those retired for over 20 years, have experienced a significant erosion of purchasing power.

Business Operations and Cost Management

LACERS has experienced an approximate 5% annual increase in operating costs. Despite this growth, the department is not planning to expand its workforce but is instead focusing on optimizing existing resources. Additionally, LACERS recently acquired a building in Chinatown to enhance operational efficiency.

CONCLUSION

LACERS continues to play a crucial role in managing the retirement security of Los Angeles City employees. While progress has been made in reducing vacancy rates and enhancing cybersecurity, challenges remain in system integration, pension sustainability, and cost-of-living adjustments. By implementing the outlined recommendations, both the City and LACERS can work collaboratively to strengthen retirement benefits while maintaining fiscal responsibility.

BUREAU OF STREET LIGHTING

Meeting of February 7, 2025

ATTENDEES

Street Lighting: Meghan Hackney, Assistant Director and Executive Officer; Fabian E. Cheng, Assistant Director and Chief Engineer

Budget Advocates: Mihran Kalaydjian, Cindy Cleghorn and Kevin Davis, Budget Representative

RECOMMENDATIONS

- Expand efforts to turn on all street lights and to fortify street light circuits against copper wire theft, which currently is the largest Bureau expense.
- Explore additional grants and funding opportunities to sustain the Street Light Fund which is becoming depleted.
- Ensure that planned amenities for the 2028 Olympics - such as cameras, sensors, and wayfinding improvements - align with long-term City needs.

DISCUSSION

The Bureau of Street Lighting (BSL) is responsible for the system operation, maintenance, and repair of the City's streetlights including light failure, light post damage and vandalism. It is responsible for designing and constructing the system, as well as rehabilitating or replacing older deteriorated lighting, and improving street lighting infrastructure throughout Los Angeles, ensuring public safety and efficiency.

An ongoing issue is the theft of copper wire and the theft of electrical power, which has become very expensive. These thefts create not only safety and liability issues but can result in system overloads that cause outages and damage to the street lighting infrastructure.

This vandalism can result in long periods of light outages and repair times. Crews previously assigned to work on regular maintenance or emergency projects are now being deployed to work on poles that have been subject to repeat copper wire as well as power theft.

Streetlights provide illumination for city roadways and sidewalk areas. The main purpose of a lighting design is to provide comfortable visibility that will encourage vehicle and pedestrian traffic. All lighting installed in the City is designed to meet National Lighting levels that provide visibility and reduce sky glow and glare. All streetlights installed are tested for efficiency, safety, and maintainability.

The Bureau's main goal for the 2025-26 fiscal year is to keep the streetlights on or get them back on quickly, and to assure public safety. BSL is using cameras to spot wire theft and is working with the Bureau of Sanitation to make its surveillance system available to help curtail illegal dumping.

The Bureaus has its own Information Technology Group (IT) which it hopes to expand. New technology requirements, and the transition to cloud-based data storage are more than the IT section can currently handle. This compels the Bureau to use outside contractors.

The Bureau has begun a pilot solar energy panels program in areas where there is no shade from high rises. Since there will always be areas where wired power is required, wide scale solar power for most streetlights is years away.

Budget

The current budget for the Bureau of Street Lighting is $51.3 million, 98% of which is provided through Special Funds with the remaining 2% from the City's General Fund. This represents a $5.3 million reduction from the 2023-2024 budget.

The Bureau is funded for 188 regular positions and, in addition, 150 resolution positions which must be reviewed annually. This is a reduction of 26 regular positions and 41 resolution positions from the prior year's budget.

More than half of the Bureau's budget, $27.5 million, is spent on Design and Construction while $18 million goes for Systems Operation, Maintenance and Repair. The Fortification Against Copper Wire Theft program is allocated $5 million while the Copper Wire Theft Replacement Program is budgeted for $5.8 million.

Grants

Recently, the Bureau has secured grants to install additional electric vehicle chargers and LED lighting projects.

A Community Development Block Grant (CDBG) is funding public Wi-Fi in disadvantaged neighborhoods including funding a Boyle Heights school project. The project resulted in the installation of13 miles of fiber optic cable.

Olympic-related infrastructure upgrades are expected to provide enhancements such as cameras, sensors, and wayfinding improvements. This is a part of a legacy investment for the City.

The City could explore additional funding sources and grants to augment the excessive cost of street lighting maintenance and repair.

Installation of public wi-fi in wide areas of the City is still in the early stages. Working in conjunction with Neighborhood Councils on these new networks could help provide valuable information for the Bureau.

Electric Vehicle Charging Stations

BSL is installing Electric Vehicle (EV) chargers around the city. A level 1 charger provides current at 120 volts in an AC socket. A level 2 charger charges 24 volts in an AC socket. While a level 2

charger charges at twice the rate of a level 1 charger. both require considerable time to charge, overnight or longer. DC chargers (also known as level 3 chargers) provide power at a more rapid rate. However, DC chargers require wiring for a DC connection. Moreover, the DC chargers can shorten battery life. All existing light poles are wired for AC.

Development of EV charging stations is funded exclusively through the Municipal Improvement Corporation of Los Angeles (MICLA) and the Special Gas Tax Improvement Fund. MICLA is a non-profit foundation that provides financial assistance to the City and is managed by the City's executive team. While some MICLA funds are loans, the funds for EV charging stations are not loans.

Air Quality Project

The Bureau is looking to extend a grant, originally obtained through the Mayor's office, to monitor air quality, comparing air quality at the street level vs. street light level. City libraries have also provided hosting for sensors which provide for the greater collection of data.

CONCLUSION

The Bureau of Street Lighting faces substantial financial and operational challenges, primarily due to budget constraints, staffing shortages, and increasing security concerns regarding copper wire theft.

However, the Bureau continues to seek funding through grants and strategic initiatives, including projects tied to the upcoming Olympics. Addressing IT resource gaps, staffing issues, and liability concerns will be crucial to sustaining efficient street lighting services in Los Angeles.

BUREAU OF STREET SERVICES (STREETS LA)

Meeting of November 6, 2024

ATTENDEES

Streets LA: Keith Mozee, Executive Director; Stephanie Clements, Chief Financial Officer; Shirley Lau, Executive Officer; Ana Tabuena-Ruddy, Chief Sustainability Officer, Rose Karagezyan, Financial Management Division Manager; Marisol Rodriguez, External Relations Director; Daniel Halden, External Relations

Budget Advocates: Tony Michaelis, Connor Webb; Budget Representatives: Kevin Davis, Mihran Kalaydjian

RECOMMENDATIONS

- Support new budget requests and recommend no additional cuts for StreetsLA.
- Approve StreetsLA efforts to hire and fill vacancies expeditiously. Exempt StreetsLA from the Prioritize Critical Hiring (PCH) process for all operational critical positions.
- Address salary concerns for key trade positions and parity with the Department of Water and Power (DWP)
- Allow Departments to revise their metrics prior to the publishing of the Adopted Budget so that metrics can better reflect what's funded.

DISCUSSION

The Bureau of Street Services (Streets LA) mission is to enhance the quality of life for all by making LA's Street Network safe, mobile and sustainable through innovation, integration and inclusion. Streets LA's vision is to be a world leader in Public Works, committed to serving and improving our communities.

Streets LA's key programs include pavement preservation, street tree and median maintenance, street improvement construction (Willits), street sweeping, sidewalk repair, street maintenance, Complete Streets, Great Streets, investigation and enforcement, Cool LA (Paving), and street furniture.

Budget

The Streets LA budget for fiscal year 2024-2025 is $208 million. This budget is a decrease of $21 million from the prior year due to the elimination of 234 authorized (vacant) positions as part of the City's overall effort to produce a balanced budget.

Staffing

Streets LA reports 120-130 vacant positions out of a total of approximately 1350 positions. The City currently has a managed hiring freeze which approves positions through the PCH program.

In addition to the positions that were eliminated in the current budget, StreetsLA has vacancies but is restricted from hiring due to the city's PCH process. Positions remain frozen until they are

authorized by the PCH Committee. Having these roles unfilled is hampering the Bureau's efforts to maintain streets, trees and sidewalks.

Metrics

The Department had previously used salary savings from vacant positions to provide overtime and contract work to meet performance metrics. The impact of staffing reductions will result in several key performance metric changes.

Due to these vacancies the average number of working days to repair potholes will increase from three to five. The square feet of new sidewalk construction will decrease from 220,000 to 150,000 and the percentage of the street network in good repair will decrease from 57 to 56.

In addition, Pavement preservation projects have been delayed because of the limited number of access ramp crews which results in bottlenecks. There are currently four crews who complete about 50 ramps per year for an annual total of 200 ramps. Contractors have been hired for the Cool Paving program. The Street furniture program is scheduled to install 30 digital shelters during this fiscal year.

Litigation expense

Trips and falls as well as vehicle accidents are primary causes of liability claims. The trip and fall liability is due in part to not having the crews to promptly respond to repair requests. Bureau liability is about a third of total City liability expense while the LAPD has the largest litigation expenses.

Financial Status Report

A key cause of overspending results from delays in reimbursement from special event projects. While it is hard to gauge the current financial status as of the time of the November meeting, the Bureau expects to remain on budget.

2025-2026 Budget Outlook

Streets LA submitted its proposed budget to the Mayor on Friday November 22.
The Bureau is requesting to continue all the currently funded line items but is also planning to make several additional requests. The Bureau is requesting restoration of about 40 of the 256 positions that were deleted in the Fiscal Year 2024-25 Budget. It is also asking for funding for crews to address citywide Sidewalk Maintenance. Crews would make interim repairs to City sidewalks, desperately needed due to uplifts/cracks and other deficiencies.
Currently, StreetsLA is funded for Willits-related ADA sidewalk improvements and grant funded projects. However, the bureau is not provided funding to address the thousands of 311 sidewalk repair requests. A budget request was also made to improve our sidewalks, fix the uplifts, and reduce injuries/litigation claims due to sidewalk 'trip and falls'.

Last Years Budget Advocate Meeting Follow-up

Staffing shortages and hiring issues remain an ongoing Bureau challenge. Issues relating to key trade position shortages and DWP pay parity have not been resolved. Budget Advocate support

for additional tree trimming crew, a risk/liability crew, were not funded based on the City's fiscal environment.

Grant funding was reviewed including a Cycle 6 Caltrans Active Transportation Program (ATP) designed to increase walking and cycling. This program provides funds to hire five engineers for design and CEQA/NEPA approvals. Federal Funds will be needed for construction.

Neighborhood Issues/Concerns

There was a review of how neighborhood councils could identify Streets LA projects in their service area. Several websites exist to monitor proposed, committed and completed pavement preservation projects. Specific requests for updates and input should be directed to the management team.

https://labss.maps.arcgis.com/apps/View/index.html?appid=af0a4dab5c594ab8bbb22b525c628c95

https://app.powerbigov.us/view?r=eyJrIjoiZmRjODdmMWUtZjAxMy00NDQ0LTllNTItYzlmYjJkNzM3MjlkIiwidCI6IjcxMjFlOGY5LThkYTEtNGM1Ny05NTBjLTI4YmE3NDdiZTYwMyJ9

CONCLUSION

The Streets LA management team continues to provide great service to our City, within a lean budget environment. Funding these key programs to make urgently needed repairs now will help reduce liability payments in the future.

DEPARTMENT OF TRANSPORTATION

Meeting of January 17, 2025

ATTENDEES

LADOT: Roy Cervantes, Chief Management Analyst; Fernando Navarrete, Acting Director of Legislative Affairs; Kevin Minne, Assistant General Manager of Administration and Field Services
Budget Advocates: Connor Webb and Glenn Bailey

RECOMMENDATIONS

- Improve interagency collaboration via a Capital Infrastructure Plan with LADOT as the lead agency for *Mobility Plan 2035* projects.
- Provide LADOT with dedicated curb access ramp construction teams.
- Increase the Paint and Sign budget to support the most basic and essential functions of LADOT.
- Ensure that the Prioritized Critical Hiring process (PCH) does not impede departments from filling and refilling authorized and funded positions.

Revenue Related

- Allow LADOT to use awarded grant funding to fund staff positions dedicated to delivering those grant-funded projects.
- Reinstate revenue-generating Parking Enforcement and Traffic Control positions.
- Implement city-wide departmental incentives for successfully decreasing liabilities [Preserves revenue]

DISCUSSION

The Los Angeles Department of Transportation (LADOT) is responsible for the development of plans to meet the ground transportation needs of the traveling public and commerce. It has centralized authority over the conceptual planning and operation of the City's streets and provides a primary interface with other governmental agencies on transportation matters. The Department studies mobility needs, including active transportation, vehicular traffic, public transportation, and parking needs. It provides project planning and delivery, including for the installation and maintenance of road striping, traffic signs, signals, parking meters, street name signs, and other transportation control devices, and control traffic and pedestrian movement at all intersections.

LADOT enforces parking rules and regulations and accounts for all parking and parking-enforcement revenue. Additionally, LADOT oversees crossing guard services and regulates taxicabs, ambulances, non-ambulatory medical transport, dockless mobility, personal delivery devices, and sightseeing vehicles, and issues permits to drivers of public transportation vehicles. LADOT also provides local public transportation circulator services via the DASH bus system in 27 neighborhoods, designed to serve travel within neighborhoods and to connect to other more regional transit services such as LA Metro bus and rail services, and Metrolink regional rail lines.

Budget

The fiscal year 2024-25 budget for the Department of Transportation is $216.57 million, a $0.33 million decrease from the previous year's budget of $216.90 million. For fiscal year 2025-26, the Department requested $244.51 million, a $27.94 million or 12% increase from 2024-25.

Revenue

The General Fund provides $130.08 million, or 60% of the total fiscal year 2024-25 departmental revenues. Proposition C, Measure M, Proposition A, and Measure R local returns are the next biggest contributor at 21%, 6%, 3%, and 3% respectively, or a combined 33%.

The remaining 7% of revenue is divided between Special Gas Tax Improvement Fund, Traffic Safety Fund, Permit Parking Revenue Fund, Mobile Source Air Pollution Reduction Fund, Sewer Operations and Maintenance Fund, Sewer Capital Fund, Coastal Transportation Corridor Trust Fund, Department of Transportation Trust Fund, DOT Expedited Fee Trust Fund, Transportation Regulation and Enforcement Fund, Ventura/Cahuegna Corridor Plan Fund, Warner Center Transportation Trust Fund, West LA Transportation Improvement and Mitigation, Planning Case Processing Fund, Street Damage Restoration Fee Fund, Sidewalk Repair Fund, Road Maintenance and Rehabilitation Program, and Planning Long-Range Planning Fund.

Staffing

The Department of Transportation was budgeted for 1,718 positions in fiscal year 2024-25, with approximately 230 currently vacant authorized positions. This is a decrease of 112 positions or 6% from the previous year's 1,830 authorized positions. The 2025-26 request includes 1,554 regular and 241 resolution authority positions, an increase of 4% for a total of 1,795 positions. While this increase is significant, it should be noted that the originally requested positions were cut by approximately 66% prior to being submitted to the mayor.

Unfortunately, the City's Prioritized Critical Hiring process has impeded the timely filling and refilling authorized and funded positions, a frequent obstacle to maintaining staffing at LADOT, resulting in the need to provide more overtime. Combined with the loss of funding for 112 vacant positions in the 2024-25 fiscal year that would have been repurposed for services, the department has been negatively affected in its ability to provide services.

Liabilities

LADOT has aggressively targeted reducing liability payouts through several strategies and are one of the few agencies that have seen decreased liability payouts, and we strongly commend their effort. Firstly, LADOT now provides a dedicated staff member as expert advisor to the City Attorney to assist in litigation matters while allowing engineering positions to continue performing their core function. Secondly, they have dedicated Risk Management teams that retroactively inspect sites following incidents, as well as proactively inspecting locations on the high-injury network to determine potential safety improvements in the near, medium, and long-term. Lastly, LADOT teams will create after-action reports following a liability payout to determine the cause of the liability, and how it can be prevented, to inform future projects.

The 2025-26 request includes 2 new regular authority positions for additional Litigation Support for the City Attorney and 4 resolution authority positions for Risk Management Leadership Stabilization, potentially saving millions of dollars annually for the CIty.

While these methods have reduced injury-related liability payouts, the department continues to search for ways of reducing workplace-related liability payouts, a rising problem for all departments. Lastly, it is important to note that the department sees no direct reward/incentive for their reduction in liability payouts, despite their allocation of resources.

Measure HLA and Interdepartmental Collaboration

Measure HLA, passed by voters in every council district in 2024, requires the city to implement upgrades outlined in the *Mobility Plan 2035* when major roadwork over 1/8th mile is performed on Mobility Plan corridors. The *Mobility Plan 2035* lays out a set of modal networks, including the Bicycle Enhanced Network (BEN), Bicycle Lane Network (BLN), Neighborhood Enhanced Network (NEN), Transit Enhanced Network (TEN), Pedestrian Enhanced Districts (PED), and Vehicle Enhanced Network (VEN). Of these, the BEN, BLN, TEN, and PED upgrades are legally mandated under Measure HLA.

The majority of LADOT *Mobility Plan* projects require coordination and scheduling with other City departments, most commonly Bureau of Streets Services (BSS) and Bureau of Engineering (BoE). Importantly, many LADOT-led projects require new curb access ramps, requiring design by BoE and construction by dedicated BSS access ramp crews. A major bottleneck for LADOT projects is that BSS only has capacity for approximately 200 new access ramps each year, resulting in delays or need to hire outside contractors to complete the work. Reassigning access ramp design and construction teams to LADOT may allow for reduced reliance on Bureau of Streets Services crews and/or outside contractor availability when scheduling projects.

Ultimately, HLA's implementation-during-maintenance will reduce the total cost of *Mobility Plan* implementation but requires an overhaul of how road maintenance and projects are planned and prioritized. Vision Zero projects provide an example of how collaboration has worked best in the past, where LADOT, BSS, and BoE have dedicated teams and pre-planned tasks that each work to reach the goal of project implementation on a timeline. A Capital Improvement Plan, as called for in the Mayor's Executive Directive 9, could provide similar structure to project planning and coordination.

To achieve these goals and legal mandates, the department has requested new Chief Transportation Planner positions to lead capital planning and project development in compliance with Measure HLA. Additionally, these positions will help implement LA Metro's First-Last Mile (FLM) plans, including Metro's 3% Measure M local return funds dedicated to FLM.

Grant Funding and Project Backlog

The city currently has a backlog of state and federal grant-funded projects, without the required staffing to effectively deliver those projects. Ironically, the department is unable to utilize those grant funds to add positions to deliver the projects. Allowing LADOT to use awarded grant funding to fund staff positions dedicated to delivering those grant-funded projects would vastly speed up project delivery.

Paint and Sign Budget

In addition to staffing shortages, LADOT faces budget shortfalls for equipment and materials. Even basic materials like paint and road signs are not available. LADOT is responsible for implementing and maintaining all traffic markings and traffic signage in the City's right of way, including all lane striping following routine pavement work related to the pavement preservation program.

Without funding for these materials, the department will be unable to deliver projects in an HLA-compliant manner or respond to council district requests. Additionally, the inability to maintain current marking in a safe and functional state potentially makes the city vulnerable to litigation. LADOT included additional paint and sign funding in their budget request, and this will be vital to continue providing services.

LA28 Olympics

While the 2028 Olympics have been described as a "no-build" and "car-free" event, there will still be significant demands placed on the City's transportation system requiring major planning and upgrades in the years leading up to the Games. Much of this will be led by LADOT, and many of the planning positions in the 2025-26 budget request will assist with 2028 preparation.

However, the department has informed the Budget Advocates that there will be a separate Olympics budget request, so we expect most Games-related positions to be requested in that process. In addition, that request will include Electric Bus infrastructure, Design and Construction packages for Olympics Venue Transportation, and more.

Department Culture and Retirements:

The professional fields of transportation engineering and planning have dramatically shifted in philosophy, goals, and methods from a focus on vehicle throughput and delay towards a focus on wholistic safety and multi-modal uses in recent decades. The result has been significant culture differences between younger engineers/planners and more senior personnel, likely contributing to delays and disagreements about project design and implementation. This is not unique to LADOT. However, most of the "old guard" of engineers/planners are now retiring, and this newer generation of engineers/planners will need to step into more leadership roles. As this transition progresses, there is the potential for more departmental harmony, hopefully improving efficiency of planning, design, outreach, and implementation.

Parking Enforcement and Traffic Control

LADOT's Parking Enforcement and Traffic Control directs traffic during special events, and issues citations to enforce parking citations, contributing revenue to the General Fund. However, staff attrition and reductions in budgeted staffing, despite these positions typically being revenue-generating, has limited the ability for the department to effectively deploy traffic officers. Illegal parking is an increasingly frequent problem on the City's roads, and in addition to significant impacts on safety, is a missed opportunity for revenue.

In addition to the base 689 regular authority Parking Enforcement and Traffic Control positions, the 2025-26 request includes 57 new resolution authority Traffic Officer Restoration positions (eliminated from 2023-24 to 2024-25), 7 regular authority Traffic Officer Supervision and Support positions, 4 resolution authority Parking Enforcement and Abandoned Vehicles (Valley) positions, and 13 resolution Hollywood Sign Enforcement positions.

Automated Bus Lane and Speed Enforcement

LA Metro is implementing an automated bus lane enforcement in cooperation with LADOT on 4 bus corridors. LADOT will confirm the validity of the violations, process and issue the citations, and manage the administrative review and hearing process for contested citations. The revenue will be split 75/25 between LA Metro and LADOT, the same ratio of expenses between agencies. The department budget request for fiscal year 2025-26 includes 3 new resolution authority Bus Lane Camera Enforcement positions, with an anticipated $5.5 million in annual net revenue for LADOT after expenses. This may increase in future years as the program grows.

Additionally, recent state legislation authorizes the City to implement 125 automated speed cameras, with revenue to be reinvested in traffic-calming and street safety improvements. While implementation details are still scarce, the department has requested 1 resolution authority Speed Safety Camera Pilot Program positions to help with implementation.

CONCLUSION

The purpose of the Department of Transportation is to provide safe and efficient mobility throughout the City. The Department needs to take a leading role in interdepartmental collaborations, be permitted use of grant funding for staffing and a restored paint and sign budget to allow for efficient project delivery and reduced legal liabilities for the City.

YOUTH DEVELOPMENT DEPARTMENT

Meeting of December 3, 2024

ATTENDEES

Youth Development Department: Lisa Salazar, General Manager
Budget Advocates: Mihran Kalaydjian and Gabriel Avelar

RECOMMENDATIONS

- Continue the development of the Youth Development Strategic Plan as scheduled
- Direct all City departments that serve youth to collaborate with the Youth Development Department (YDD) by supporting the implementation of the Strategic Plan and ensuring the timely sharing of youth program data, metrics, and outcomes with the YDD
- Establish a system of accountability in partnership with the Working Group to ensure effective implementation and oversight

DISCUSSION

The Youth Development Department (YDD) is a new member of the City family, tasked with creating a three-year Youth Development Strategic Plan. This plan will serve to guide how the department coordinates city efforts to enhance service delivery, programming, policy development, and overall outcomes for youth.

YDD's mission is to foster an equitable and sustainable ecosystem for positive youth development in Los Angeles. Through inclusive, youth-centered, and evidence-based policies and programs, the department aims to ensure the well-being, safety, and success of young Angelenos.

To support this mission, YDD leads the Youth Development Interdepartmental Working Group, which consists of the various city departments involved in youth services. This group meets quarterly to coordinate and improve service delivery.

Additionally, YDD oversees the LA City Youth Council, a 30 member body that provides young people with firsthand experience in city governance and opportunity to engage with civic processes.

The Department strives to amplify the experiences, abilities, and voices of young people in Los Angeles, ensuring they have a role in shaping policies and program that address the most pressing challenges affecting their families, their communities, and their futures.

YDD collaborates with external organizations, including the Los Angeles Unified School District (LAUSD) and the Los Angeles Community College District (LACCD), to expand opportunities and resources for youth development.

Revenue

The YDD manages a $200 million budget spread across 26 departments. Despite successfully securing $2.2 million in external grants, financial challenges remain. In fiscal year 2024-25, YDD received only $300,000 of its $900,000 funding request, limiting its operational capacity. To address staffing shortages and enhance its capacity the department has submitted a supplemental funding request of $480,000.

Budget Issues

Youth development has not been a central priority in city budgeting and policy initiatives. Currently, youth programs are scattered across multiple city departments, offered in a fragmented manner as part of a well-intentioned attempt to create opportunities for young Angelenos.

However, many of these efforts lack a strategic framework or data driven approach. Instead, they often arise from federal, state, and county funding opportunities, which come with specific predetermined activities and outcomes, rather than being tailored to the specific needs of Los Angeles youth.

For the 2025-26 fiscal year, the Youth Development (YDD) is requesting a total budget of $2,751,407 across both departmental and non-departmental allocations to establish a more structured and measurable approach to youth services.

Staffing

The Department plans to employ a Senior Project Coordinator to serve as Grants Coordinator, responsible for developing philanthropic partnerships and securing federal, state, and local grants to support youth programs. Additionally, it aims to hire an as-needed Community and Administrative Support Worker III. Also, the Department is planning to provide transportation subsidies for low-income L.A. City Youth Council members who face significant travel barriers. To support administrative functions, the department seeks to hire an Executive Administrative Assistant II and allocate funding for increased office and administrative expenses, based on prior cost trends.

CONCLUSION

Although the department is new, the General Manager has a strong understanding of the city, its departments, and the political landscape. She is attentive to budget constraints across departments and is focused on aligning efforts to ensure coordinated and unified approach to youth development initiatives.