

An aerial photograph of a multi-lane highway in Los Angeles, California. The highway is viewed from an elevated perspective, looking down the road towards the city skyline. The road has several lanes in each direction, with a few cars visible. In the background, the Los Angeles skyline is visible, including several tall skyscrapers. The sky is overcast with grey clouds. The highway is flanked by green hills and trees. A green overhead sign is visible above the highway, with white text and arrows. The sign is divided into three sections. The left section says 'Civic Center West Street' with a right-pointing arrow. The middle section says 'Downtown' with a right-pointing arrow. The right section says 'Stadium Way Harbor Gateway' with a right-pointing arrow. The text '107th' is visible above the middle section. The overall scene is a mix of urban infrastructure and natural landscape.

On Beyond Covid!

A report to Mayor Eric Garcetti and
the Los Angeles City Council
on the City's fiscal future

From the Neighborhood Council
Budget Advocates

April 5, 2021

On Beyond Covid!

Los Angeles has made it through the pandemic – almost – but we’re not out of the woods just yet. There is still a great deal to be done and City won’t cross the finish line by patting itself on the back.

If the goal is a new normal, one where the City is stronger and our lives are better than before the pandemic, then the Mayor and City Council need to start making major changes to ensure that better future. And all Angelenos need to support them in furthering these changes.

Now is the time for this government to evaluate all departments, the City government structure and amendments to the Charter needed to move Los Angeles into a flourishing future.

It is time to focus on the budget, on fully funded core services, increasing efficiency by downsizing bureaucracy, removing redundancies and providing sustainable services to meet the needs of Angelenos today, and for years to come.

The City’s budget is an important document in that it lays out how Los Angeles will provide the infrastructure and services for the coming fiscal year. In selecting priorities for our tax dollars, the budget becomes a declaration of our values. It frames our collective future.

Budgeting should reflect community needs and priorities. The symbol of the City should be a helping hand lifting people up. Only then will Angelenos feel that their government works for them and not for special interests.

The responsibility of all City officials should be to reprioritize spending in a financially sound manner to benefit the local communities they are paid to serve. The City must adhere to the fiscal prudence recommended by the CAO and put any remaining monies from the recent federal relief monies into the Reserve Fund, and avoid counting on future windfall events to balance its budget.

The City may not have the authority or ability to provide healthcare or expand education, but it can help rebuild our infrastructure (which disproportionately affects lower income residents), invest in our communities, replace a minimum wage with a living wage, establish protection from over-zealous policing, crack down on corporate influence, institute campaign finance laws, lead the attack on climate change, and develop programs to give every Angeleno a chance to achieve the American dream.

Investing in people and communities – enhancing job skills, attracting businesses to the city - will give Angelenos resources to move away from dependency on tax-funded social programs. Enhancing their purchasing power will help ramp up not only the City’s economy in every neighborhood, but develop a stronger tax base to solidify growth into the foreseeable future.

Los Angeles must address “the humanitarian crisis of our lives,” what the Controller has called the “existential challenge for Los Angeles today” – the scourge of homelessness.

Homelessness is not only a moral issue and a stain on the City’s reputation; it leads to an ever increasing debt spiral. Experts expect the numbers of the unhoused Angelenos to increase dramatically when the current moratoria against evictions end.

Battle lines have already been drawn between those who say that public property should be available for the homeless and those who feel that homelessness threatens their neighborhoods. City Hall must develop a comprehensive and viable plan for a permanent solution, one that is both possible *and* desirable, or the costs will continue to drain the budget.

Another concern is the continuing and escalating number of lawsuits brought against the City. Departments are acting to remove physical risks and enhance safety. With adequate funding, the Ethics Commission could expand enforcement of ethics regulations which would not only generate income from fines but deter malfeasance which may lead to more claims.

The City Attorney’s office must take a stronger stance on spurious claims and vigorously appeal settlements that go too far to stop setting the City up as the target of a cottage industry suing deep-pocket entities.

With the protests that have already occurred and are expected to continue, discrimination lawsuits against the City in general and claims against the LAPD in particular are only going to increase.

Currently the City’s elected officials have done very little to resolve the aforementioned issues. Too often there is no personal accountability for any employee whose actions generate litigation and/or monetary settlements. The City just pays the bills out of our taxes.

If there is over-zealous policing and if bad decisions are made by line officers in contravention of their training, they should lose their jobs and their immunity. While the LAPD may have the most visible and expensive lawsuits, every department should work to reduce its liability. Otherwise, nothing will change.

Finally, the City must plan better for a return to a new normal than it did in its heavy-handed and arbitrary approach to budget-slashing this past year.

Like after the Great Recession, the economy will lurch forward and then stall out before it starts to hum along. Without incurring massive debt to be shouldered by the next generation, the City must spend judiciously to get the economy up to speed so it can generate income.

The City needs to spend money now to perform necessary maintenance and replace failing infrastructure, because the cost of *not* spending the money now will exceed those immediate

costs. The Mayor and his team must find a way to break out of budgeting in a vacuum, one year at a time.

Furthermore, the City needs to enforce protection of existing assets by extending moratoria on digging up newly paved streets, and ensuring that damage fees in all areas at a minimum cover actual costs.

In talking to the department heads and staff over the past months, and as is reflected in the reports, most are hamstrung by the City's current no-hiring policy, and many are facing infrastructure end-of-life concerns.

Furthermore, the across-the-board cuts to most departments hamstrung the ability of the City's revenue-generating sectors to drive revenue. This short-sighted approach will require a rebuilding of the support areas lost during the fiscal emergency and could mean a delay of a year or more to build back to pre-pandemic revenues.

The ONLY reason why the City will be able to balance its budget this year is because of the massive one-time infusion of federal funds. With a nearly \$1 billion shortfall predicted for next year, the City cannot count on a second bail-out. A true big-picture plan needs to be developed going forward, with proper foresight and financial modeling for accurate multi-year budgeting.

This must include priority ranking of core City services so there is a concrete plan for future cutbacks when economic crises loom to avoid the negative impacts forged by year-at-a time kneejerk reaction approaches.

Some see the pandemic as leverage to reduce siloization between departments, where each department focuses on maintaining its own bureaucracy at all costs, and improve efficiencies of scale by instituting citywide programs such as for procurement and IT oversight. Use this approach to reinvent budgeting for Los Angeles.

Make all of these fiscally responsible and sustainable.

We are all in this together.

The Challenges

- a budget in ruins and the potential for the long term devastation of services similar to what followed the Great Recession
- an economy shattered by the lockdown that will need to be rebuilt in a time where there has been a paradigm shift to work-from-home
- public sector unions who appear to wield more power than the City Council
- the existential crisis of homelessness
- a population wracked by confrontations with inequity and systemic racism
- fear driving violence and violence driving fear

- the potential for climate-change driven catastrophes to destroy the world as we know it
- the escalating cost of real estate and an infrastructure at risk

The Strengths

- dedicated and innovative General Managers across many if not most City departments
- good City assets, both physical and personnel
- a location and weather that attracts people to move here and more to visit (in non-Covid times)
- a generally progressive political climate

The Problems

- not funding the ITA and technological change in other departments required to give Los Angeles the edge necessary to thrive in the 21st century
- micromanagement: the services provided by departments and the departments themselves are so interconnected that dictating one cut ends up fracturing projects and processes across the City
- a bloated bureaucracy: we need the government to pivot to being a lean, mean fighting machine
- kowtowing to unions whose leadership is not accountable to the City and our future
- the ease of access to decision-makers by developers, lobbyist and union management
- the myth of full-cost recovery; access to money should not be allowed to buy decisions
- politicians who can walk away at the end of their terms and not be held responsible for the debts the next generation of Angelenos will have to pay

Possible Remedies

- fund and rapidly implement a permanent resolution of the homelessness crisis by providing the needed housing and services: the cost today will be offset by the savings in years to come
- publicly prosecute all City employees who hurt, lie, steal or cheat
- a fully-funded Ethics commission
- TRUST the General Managers to do their jobs well until they are not performing and then replace them
- reward people who can get things done, who have vision and are willing to take a risk
- re-invent the City's hiring process to bring it into line of how businesses work in the 21st century
- hire a City Manager: the Controller is a reporting function subject to a City Charter that disperses power across a number of positions within the City; to overcome this, the City needs a hired executive, someone who sees the big picture and has the chops to stand up to City Hall officials, to the unions and to the voters
- level the playing field with the City's unions by letting them focus on job safety concerns and releasing the control over staffing (including removing Civil Service requirements from the Charter) so the City can hire who it needs, when it needs them
- simplify and expedite the hiring process

- provide city-wide free broadband: it's a necessity to increase full equity to all Angelenos in this digital age, a precursor of success and safety, and should not be monetized
- reimagine how to police Los Angeles by starting with a plan, not a budget reduction
- take a more comprehensive approach to policing including laying out a comprehensive plan and timetable to expeditiously revamp the LAPD and resolve the current discontent
- address why immediate defunding is premature and, in the meantime, develop other methodologies to improve services to people in disadvantaged neighborhoods
- work with the LAUSD, County, State and Federal governments to provide seamless services to all Angelenos
- work with government on all levels to improve education, healthcare, infrastructure and wealth-sharing in America and reduce the us vs. them mentality
- implement policies to encourage people and businesses to make positive choices; not only City Hall, but individuals and companies have an ongoing obligation to act in the best interest of all Angelenos
- demand common sense be applied to all decisions

Looking back at other Budget Advocate White Papers

Have any of the revenue producing ideas in the 2017 White Paper been incorporated?

How many of the Budget Advocates' suggestions for increasing revenues and decreasing expenditures have been implemented over the years?

Has the City initiated any actions on the Budget Advocates' recommendations from last year's White Paper, listed below, all of which would have placed the Los Angeles on a better financial footing today?

In Summation

We live in an interesting age – times of danger and uncertainty. But the discomfort can generate openings to remake our world from something to complain about to a more positive future.

There's only so far you can go with horses and buggies in a fuel-injected world; it may be that it's a poor workman who blames his tools but you also have to have the right tool for the job.

Carpe diem. Find those tools.

Coming out of the pandemic, Los Angeles must use the convulsion of our lives to make real change, good change, or the City will be sidelined in the annals of history.

Jane Goodall said: "Together we can and together we will save the world."

We want to start with just one city, the one we call home.

The 2020-21 BUDGET ADVOCATES

Liz Amsden, Historic Highland Park, Co-Chair
Jack Humphreville, Greater Wilshire, Co-Chair
Jay Handal, West LA, Vice-Chair, Development
Julia Moser, Greater Wilshire, Vice-Chair, Outreach
Glenn Bailey, Northridge East, Secretary
Jennifer Goodie, Mid-City, Administrative Secretary
Lanira Murphy, Panorama City, Treasurer
Carol L. Newman, Lake Balboa, Parliamentarian

Brian Allen, Granada Hills North
Pat Bates, Encino
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Jon Liberman, South Robertson
Margarita Lopez, MacArthur Park
Gina Martinez, Wilmington
Brandon Pender, Greater Toluca Lake
Daniel Perez, Central Hollywood
Barbara Ringuette, Silver Lake
Hugo Rodriguez, United Neighborhoods
Danielle Sandoval, Harbor City
Jamie Tijerina, Historic Highland Park
Edmond Warren, Empowerment Congress West

** Budget Advocates' recommendations from the 2020 White Paper:

1. Update the Four-Year Budget Outlook to reflect the current budget reality including the projected deficits.
2. Require the Mayor to submit the budget to the City Council on or before February 1 rather than the current deadline of April 20. Each Department will then present its proposed budget and priorities to the appropriate City Council Committee. Afterwards, the Budget and Finance Committee will conduct hearings on each Department's budget.
3. All labor negotiations shall be open and transparent. Furthermore, the City shall solicit an independent opinion that analyzes the fiscal impact of any new labor contracts. Beginning 30 days after the release of the independent opinion and prior to approval, the City Council will conduct a series of public meetings to discuss the new labor contracts. Any new labor agreements shall not result in deficits.
4. Create a Pension Commission to review and analyze the City's pension and Other Post-retirement Employment Benefit (OPEB) plans and develop recommendations to eliminate the unfunded liability over time.
5. Implement multiyear budgeting.
6. Develop a ten-year infrastructure plan that includes, but is not limited to, streets, sidewalks, parks and their restrooms, trees, buildings, and vehicles. This will include plans for the Los Angeles River, the Civic Center, and the Convention Center.
7. Benchmark the efficiency of the City's Departments and operations.
8. Implement a plan to increase the City's Reserve and Budget Stabilization Funds to an amount equal to 10% of its General Fund Revenues.
9. Establish an independent Office of Transparency and Accountability to oversee the budget and other related matters in real time.
10. Develop solutions to balance the budget over the next four years and eliminate the Structural Deficit.

TABLE OF CONTENTS

On Beyond Covid!	1
The 2020-21 Budget Advocates	6
2020 White Paper recommendations	7
 Recommendations by Department	 9
City Administrative Officer	18
City Attorney’s Office	20
City Clerk	22
City Controller	25
City Planning	29
Department of Aging	34
Department of Cannabis Regulation	37
Department of Neighborhood Empowerment	40
Economic & Workforce Development	44
Emergency Management	47
Engineering Bureau	51
Ethics Commission	55
Fire Department	58
Housing + Community Investment Department	62
Information Technology Agency	67
Library	71
Office of Finance	74
Personnel	77
Recreation & Parks	80
Sanitation Bureau	83
Street Services Bureau (StreetsLA)	86
The City Council	89
The Mayor’s Office	91

RECOMMENDATIONS BY DEPARTMENT

City Administrative Officer

- CAO must be fully staffed and not subject to budget cuts
- Implement recommendations of Third Financial Status Report
- Implement policy where the Reserve Fund is equal to 10% of General Fund Revenue
- Eliminate General Fund subsidies of Special Funds (\$232.6 million)
- Develop a policy for increased transparency into labor negotiations with City unions
- Implement a policy where new labor agreements will not create a deficit
- Issue Four-Year Budget Outlooks quarterly

City Attorney

- The City must fill at least the most necessary job openings in the City Attorney's Office so it can do the best possible job to try to limit the liability of the City in civil litigation [*liability claims directly affect the City's budget and deprive the City of money it could use to provide services*]
- The City Attorney's Office must prioritize rebuilding the trust of the Courts, counsel, and litigants, as the reputation of the Office has been damaged by revelations of alleged conflicts of interest, alleged mismanagement, and suggested corruption, so that the Office can re-focus its efforts on limiting City liability instead of defending its own actions in Court as it has been forced to do [*sanctions against the City Attorney's Office for its conduct in litigation has already cost the City millions of dollars*]
- The City Attorney's Office must continue efforts working with City departments to proactively reduce liability claims against the City from City employees and other litigants [*enhanced accountability, especially within departments, will reduce both litigation and settlements*]

City Clerk

- Commit to funding \$160,000 annually for a new Legislative Management System [*cost to be partially offset by replacing five separate systems, plus the benefits of an integrated system, increased efficiency, improved security and reduced maintenance cost*]
- Give the General Manager the authority to allocate the department budget as the City Clerk's Office perceive its needs to be [*no cost, savings from removing bottlenecks*]
- Prioritize replacing two full-time positions in record-keeping [*records are of no use without the personnel to file and retrieve them*]
- Maintain positions that are not funded to expedite filling them once hiring restarts [*no actual cost; the impact on a hypothetical balancing of the City budget is a shell game*]
- Evaluate the Neighborhood Council elections procedures with an eye to streamlining process, expanding outreach to both board candidates and voters [*study costs would be offset by improved efficiencies – plan now, pay later*]

City Controller

- Fund more auditors / audits [*net savings*]
- Amend the City Charter to improve the ability to make officials and departments accountable [*no separate cost to ongoing revisions, potential savings*]
- Work with the Controller to use the tools he has developed to find techniques to address challenges, including leveraging ways to use stimulus funds to rebuild the City's finances [*limited if any investment now, potential significant return*]
- Rebuild the City's Budget Stabilization and Reserve Funds [*essential for the City's budget health*]

City Planning (budget recommendations)

- Set the appeals fee at one percent of "full cost recovery" or \$158, an increase from the current fee of \$89, but far less than the proposed full cost fee [*a small increase in revenue, fairness to the average citizen*]
- Fill five essential positions, now vacant – 2 accountants to manage the department budget and 3 Zoning Administrators [*expediting projects that will generate property and sales taxes, increasing revenue*]
- Evaluate and revise criteria for distinguishing between remodeling and new construction, especially "one stick" remodels, which everyone knows are new construction. [*increase in revenue*]
- Enforce compliance with permitting rules, including owner/builder permits. [*enforcement always increases revenue, even when considering cost*]
- Spend community improvement fees such as QUIMBY and the Private Arts Development Fees within the proximate community, so the communities hardest hit by new development are the communities who get the benefit from the fees: Local parks are essential [*no budget impact, redistributes funds*]

City Planning (policy recommendations)

- Complete Community Plans, The Wildlife Pilot Study, and any other projects where costly work will have to be duplicated if not completed within the necessary time frame [*preserves current investment, eliminates possible duplicate expense*]
- Incentivize development of housing for low- and middle-income levels [*advocate for state and federal funds, housing is needed for all income levels*]
- Advocate for local control of land use matters; Resist top-down directives from Sacramento that exclude local input [*local control results in projects that better serve the community and the local economy*]
- Expand opportunities for Neighborhood Council and public input on all projects including by right projects [*community input results in better projects that boost the economy, increasing tax revenue*]
- Incorporate adaptive re-use of existing properties into the updated Housing Element of the General Plan to quickly increase the supply of housing for unhoused persons, with planning for transition to more permanent housing [*could reduce cost of construction; advocate for state and federal funding*]

- Expand infrastructure - water, electrical, sewer, etc. concurrently with new development [*proactive investments in infrastructure support development and ensure sustainability*]
- Create a position for a City Planning Liaison to Neighborhood Councils [*enhances decision making by Neighborhood Councils*]

Department of Aging

- Restore positions that were retired to ensure full functionality within the department [*pandemic cost / the pandemic and resulting economic crisis has exacerbated the need for services*]
- Actively address food insecurity of seniors to ensure a healthy senior community outcome and prevent further community break-down associated with lower nutrient intakes. [*not addressing this will lead to future costs as senior homelessness increases and moral losses as their ability to contribute to society deteriorates*]
- Address the gaps in access of information technology for seniors to ensure proper access to services online [*existing mission*]
- Advocate for coordinated City and County programs online through access to information technology during the pandemic, so senior services are more accessible, efficient and client focused. [*working with existing funds but more efficiently*]
- Increase funding for meal programs to meet the needs of a growing senior population during the pandemic. [*pandemic cost / moral obligation*]
- Reinstate Older Workers Employment Program in the effort of using the unused grant money that has been allocated to pay older workers. [*use of existing funds*]
- Continue efforts to encourage better government preparation for an older adult population in the future. [*existing mission*]

Department of Cannabis Regulation

- Maintain staffing [*losses, even of support positions, will directly impact income for the City*]
- Provide ongoing funding for the social equity program [*to improve the ability of social equity applicants to navigate the process successfully and start producing revenue*]
- Reinstate the General Manager's regulatory authority [*necessary to stop delays as State regulations change*]
- Waive the hiring freeze on replacing key personnel [*department does not have the depth of staffing to cover others staff functions*]

Department of Neighborhood Empowerment

- Allocate a percentage of unused Neighborhood Council (NC) funds to the Department of Neighborhood Empowerment (DONE) so that DONE has the resources for more consistent and effective outreach to the NCs [*reduces funds for the City*]
- Reassess the purpose of DONE and its support of the NCs in effectively communicating community concerns to the Mayor and City Council [*evaluations should be ongoing*]

- Aggressively expand outreach to all stakeholders to ensure boards are no longer elected by small minorities, in many cases by less than 1% of those qualified to vote [*cost depends on how this can be achieved*]
- Immediately create and post a single, downloadable document of the codified rules and procedures for NCs to be available to all [*no fiscal cost, should be priority for existing staff*]
- Reestablish DONE's weekly newsletter [*no fiscal cost, should be priority for existing staff*]
- Establish a working group drawing on experienced board members, current and retired, from across the City to preserve institutional knowledge and help the department address issues and concerns [*minimal cost, potential for significant savings*]

Economic & Workforce Development

- Fund positions identified as critical [*minimal cost to maintain maximum grants and services*]
- Maintain (not delete) other positions lost to retirement and the SIP including pre-Covid vacancies [*even if not fully funded for FY 21-22, the ability to fill when funds become available is essential to the smooth re-establishment of programs currently on pause*]
- Increase emphasis on integrated training to attract and support innovative businesses [*existing program, clarity of focus*]
- Expand and focus incubator projects on green supply chain tech and development [*existing program, clarity of focus*]

Emergency Management

- The General Manager must provide the City with a plan to:
 - (a) return the Department to full operational capability including the ability to staff the Emergency Operations Center 24/7;
 - (b) ensure the Alternate Emergency Operations Center is operational;
 - (c) establish and maintain pre-positioned supply caches throughout the City; and
 - (d) improve the ability to coordinate the efforts of City departments and neighborhood volunteers in the event of any emergency.
- The Emergency Management Department (EMD) must be deemed an essential department given its importance in maintaining lives, infrastructure and fiscal integrity in the face of the pandemic and any future emergency.
- Given that safety of Angelenos is THE most essential service that the City provides, the City must plan for worst-case scenarios by immediately underwriting all elements of the plan provided by the General Manager pursuant to the above, utilizing funds reallocated from the LAPD (if any remain) since the services provided by the EMD benefit disadvantaged communities [*potential costs of not being prepared far outweigh the funds required*]
- Additional recommendations [*wide range of costs but all, especially the more expensive ones lead to better outcomes on multiple levels*]:
 - (a) require Council offices across the City to provide space for local emergency supplies;

- (b) fund enhancement of the EMD website and digital outreach, as well as establish an effective knock-on-door plan for non-digital homes for if the power grid fails in cases of emergency;
- (c) provide funds and the time to cross-train LAPD staff into EMD positions under the EMD chain-of-command;
- (d) fund paid and trained neighborhood leads to coordinate volunteers across the City in the event of emergency; and
- (e) institute a City-provided high-speed Internet citywide – enhancing equity in general and increasing the likelihood of the EMD reaching all stakeholders during a disaster.

Engineering Bureau

- Take a bigger role in identifying problems with the City’s infrastructure through observation at construction sites [*whether from the General Fund or through the contracting agency, the cost for additional work up front would be off-set by long term savings from reducing emergency infrastructure repairs*]
- Work with other departments and bureaus, such as Urban Forestry, to fix deficiencies in the permitting system to make sure inspections of all work in the public right of way, including planting trees, have a Bureau of Engineering permit attached
- Be an advocate for policies in which Engineering is part of the solution delivery network. [*such as helping to solve the inequity that comes from the [Rebate Program](#) where property owners/residents pay for part of a sidewalk repair*]
- Create an ability on the Engineering [web page](#) to automatically notify contractors and other interested members of the public when the Bureau updates Standard Plans of Construction [*cost and time savings for contractors and City work forces*]
- Continue to push the technology envelope to decrease costs for the City
- Rather than accepting change orders that dip into the contingency, the Bureau can save the City money by making sure the amount coming from the contingency is equal to the cost if that piece was put to bid by itself. Multiple project analysis can uncover hidden expenses from change orders

Ethics Commission

- Immediately fund two full-time positions to replace those lost to the Separation Incentive Program, and one on a temporary basis for a replacement auditor, until the one on disability returns, to allow the Commission to effectively fulfill its obligations [*should pay for themselves in terms of increased revenue collection*]
- Work with the Ethics Commission to speedily clarify and expand the ordinance on developer contributions to ensure it is fair, effective and evenly applied [*part of its standard mandate*]
- Take all steps necessary to remove the Ethics Commission from perceived or potential pressure from the Mayor and City Council by establishing arms-length funding for full operation of the oversight and enforcement of ethics regulations [*should have no or limited fiscal impact*]

- Increase fines to the maximum allowable on the offender (and anyone in a department who is personally complicit in any delay or cover-up) to deter future violations [*potential income*]
- Continue to make the institutional changes needed to mandate all departments report malfeasance to the Ethics Commission upon discovery so it can ensure investigations are handled appropriately, and prosecutions and fines publicized to reduce/eliminate similar offenses [*potential savings from reduced wrongdoing*]

Fire Department

- Fund three recruit trainings for this coming year [*not having these cohorts available could cost the City dearly*]
- Fund a health officer position for the City [*potential savings from efficiency in addressing health-related issues*]
- Fund needed protective gear, EMS equipment, firefighting material that wears out [*not having could cost firefighters their lives*]
- Fund further expansion and implementation of risk management training [*savings from this type of investment is proving to exceed costs*]
- Fund technology and hardware necessary for data tracking and expanded telecommuting [*improved efficiencies will lower costs over time*]
- Increase funding for homelessness-related services [*function of the pandemic as incomes fall and addressing unhoused issues become more complicated*]
- Require the Fire Department to reassess its reliance on overtime [*potentially reduce hours paid at premium rates, increase quality of life and avoid mistakes/accidents incurred by overwork*]

Housing + Community Investment Department

- Hire for vacant positions funded by grants and that have no General Fund impact [*meet grant obligations, generate and preserve grant funds*]
- Fund the update of computer systems and create a database of all affordable units including those in density bonus buildings [*improve on efficiency; ensure public funds meet their intended purpose*]
- Study the proposed Vacancy Tax to determine if it helps increase units available for occupancy [*potential to increase housing supply, reduce rents, boost the economy*]
- Advocate with the State and Federal governments for additional funds such as tax credits and the Federal HOME program dedicated to ready-to-go affordable housing projects
- Implement recommendations in the Controller's HHH audit to reduce costs for affordable units [*potential to build more units with existing revenues*]

Information Technology Agency

- Invest in a citywide procurement system [*initial cost leading to long term savings from efficiencies*]

- Build out and maintain telework platform for all teleworkers [*initial cost leading to long term savings from efficiencies*]
- Complete the LAFD Radio Site Improvements and Microwave Link Bypass [*safety outweighs cost*]
- Replace the Citywide Fiber Optic Network over a period of several years [*impact of potential failure exceeds investment costs*]
- Replace obsolete network equipment [*NOT doing so will result in unexpected downtime and time lost costs*]
- Replace the majority of existing City landlines with cell phones [*potentially significant savings*]

Library

- The Mayor and City Council should:
 - (a) invest in citywide free broadband for all Angelenos, improving equity and taking some pressure off the libraries; and
 - (b) reimagine the City's civil service hiring process to address the needs of 2021.
- The Los Angeles Public Library (LAPL) should:
 - (a) continue to expand traditional services and outreach, especially to disadvantaged and marginalized communities – seniors, immigrants, and those lacking educational advantages; and
 - (b) build out the Library Experience Office to ensure the safety and security of all patrons while maintaining inclusiveness and community engagement.

Office of Finance

- Return all loaned employees to the department as soon as possible [*potential savings, improved department efficiency*]
- Assess and evaluate options to improve the monitoring and collection of cannabis revenues [*possibility of increased income*]
- Review, consolidate and, where appropriate, repurpose Special Funds [*more efficient use of existing financial assets*]
- Develop a plan to monitor and address delinquency in collection of receivables [*improve City income*]

Personnel

- Prioritize Personnel as a critical core service so it can be prepared when the hiring freeze is lifted [*reduces inefficiencies due to departments being short-staffed, especially in key areas*]
- Fund enough positions to enable ongoing testing and hiring [*expense in the short term will be vastly outweighed by the higher costs associated with delays and limited staffing once the hiring freeze is lifted such as occurred after 2009*]

- Continue expanding the Personnel Employee Records Keeping System (PERKS) in preparation for the transition to the improved Human Resource Planning (HRP) [*continuing investment; delay or abandonment will incur additional costs down the road*]
- Fund ITA to work on cybersecurity issues for Personnel, specifically protecting sensitive data City employees, sworn and civilian applicants and those in Police custody [*settlements for abuse of such information could run significantly more than the cost to protect*]
- Fund resources for, and to continue, contactless city services [*necessity for providing services during /in the wake of the pandemic*]
- Expand racial and gender equity within the parameters of required qualifications [*City mandated; additional resources necessary to support the needs of all departments*]
- Initiate Charter changes to bring the City's hiring process into the 21st century [*short term investment for needed modernization*]

Recreation & Parks

- Maintain unfilled position authorities [*no cost, possible revenue boost as this will allow a revenue-generating department to resume services as funds become available*]
- Increase the options for hiring part-time staff [*limited cost, keeps qualified employees available for when funding is authorized*]

Sanitation Bureau

- Within their budget parameters, give LASAN the ability to hire at their discretion [*no \$ impact*]
- Approve initiating an in-department sewer construction crew to expedite, offset and protect small project costs [*savings*]
- Approve a division-level manager position needed to submit projects to obtain the competitive proposals necessary to leverage County Measure W program funds [*potential savings*]
- Improve the Civil Service hiring processes, and use economic relief funding and Economic and Workplace Development programs to fill needed positions [*savings in overtime*]

Street Services Bureau (StreetsLA)

- Allow the General Manager the discretion to allocate resources within the department, including staffing needs and apportioning of funds [*potential savings*]
- Move expeditiously to overhaul the existing civil service system and revamp the City's hiring to exponentially speed the process up and encourage new hires at all levels so as to meet department requirements [*improved efficiency in hiring*]
- Fund the StreetsLA Asset Management System: computer technology to make the most efficient use of their resources, reduce paperwork and increase the return on investment and saving the City money [*initial cost to be returned by efficiencies*]
- Increase the moratorium on digging up newly paved streets from one year to five years, with stiffer penalties for violations [*savings, improved quality of life, some income*]

- Reinststitute the slurry seal restoration fee and extend it to ‘Cool Streets’ coating [*savings from extending the life of these coatings, disincentive for spurious street cutting*]
- Intelligently invest in the City’s urban forest now – trees can’t mature overnight – to benefit cooling needs, air quality and aesthetics [*initial cost for long term benefits across the City*]
- Badge inspectors so they can issue citations on the spot for illegal tree removal and cutting into streets = and make sure those fines have real teeth [*income source, reduction of misconduct*]
- Develop a way to fund a comprehensive stepped plan developed by StreetsLA to repair the City’s streets, alleys and sidewalks.

The City Council

- Implement campaign finance reform
- Enact the Budget Advocates’ recommendations from the 2020 White Paper
- Prepare Budget Request Memo like every other department
- Disclose information on Discretionary Funds
- Detail “Related Costs” in Mayor’s Proposed Budget.

The Mayor’s Office

- Prepare a Budget Request Memo like every other department
- Develop realistic budget expenditures
- Include Supporting Data in Proposed Budget like every other department
- Reconcile number of positions with the telephone roster
- Detail “Other Allocations” budget item
- Enact the Budget Advocates’ recommendations from the 2020 White Paper

Report on the City Administrative Officer

For the CAO's office: Not available

For the Budget Advocates: Jack Humphreville

Introduction

The City Administrative Officer performs vital services for the Mayor, the City Council, and the City's many departments. The primary work activities of the CAO include:

- Budget, grant, financial, and contractual analysis;
- Revenue estimating and long term financial planning;
- Debt management and investor relations;
- Employee relations;
- Asset management;
- Municipal facilities and physical plant capital project oversight;
- Disaster grant administration;
- Comprehensive Homeless Strategy implementation support; and
- Citywide risk management services.

Budget Advocates' Recommendations

- CAO must be fully staffed and not subject to budget cuts
- Implement recommendations of Third Financial Status Report
- Implement policy where the Reserve Fund is equal to 10% of General Fund Revenue
- Eliminate General Fund subsidies of Special Funds (\$232.6 million)
- Develop a policy for increased transparency into labor negotiations with City unions
- Implement a policy where new labor agreements will not create a deficit
- Issue Four-Year Budget Outlooks quarterly

Report

The Third Financial Status Report recommended that the \$677 million payment from the federal government pursuant to American Rescue Plan be used to eliminate this year's remaining budget gap (\$77 million), eliminate the need for deficit financing (\$133 million), and increase the depleted reserves by \$544 million. We agree.

The City is expecting to receive another \$677 million in next fiscal year. This one time infusion of cash will be needed to balance the next year's budget which expected to have a deficit of \$800 million or more. This assumes a return to normalcy which may not be a valid assumption.

The CAO recommends that any spending decisions be made pursuant to the normal budget procedures. Implicit in these recommendations is a policy to have reserves equal to 10% of the General Fund. We agree.

The General Fund is subsidizing Special Funds in the amount of \$232.6 million. The CAO should develop the information to support policies to eliminate these subsidies. This may include increasing fees.

Recent labor negotiations with the police and firefighters were not transparent. The City entered into these agreements knowing that they would create significant deficits in the current year and for the following four years. This highlights the need for open and transparent labor negotiations and a policy that the City will not enter into any new labor agreement that will result in a deficit.

Conclusion

The office of the City Administrative Officer does excellent work. It is critical to the functioning of the City, especially given the City's uncertain finances, the possibility of a spike in Covid-19 cases, and the propensity of Councilmembers to overspend. The office must be fully staffed by competent professionals, not only today, but into the future.

Report on the City Attorney's Office

Attendees at a meeting on February 24, 2021

For the City Attorney's Office: Jennifer Roth Krieger, Chief Financial and Administrative Officer; and Michiko Reyes, Budget Director

For the Budget Advocates: Liz Amsden and Carol Newman

Budget Advocates' Recommendations

- The City must fill at least the most necessary job openings in the City Attorney's Office so it can do the best possible job to try to limit the liability of the City in civil litigation [*liability claims directly affect the City's budget and deprive the City of money it could use to provide services*]
- The City Attorney's Office must prioritize rebuilding the trust of the Courts, counsel, and litigants, as the reputation of the Office has been damaged by revelations of alleged conflicts of interest, alleged mismanagement, and suggested corruption, so that the Office can re-focus its efforts on limiting City liability instead of defending its own actions in Court as it has been forced to do [*sanctions against the City Attorney's Office for its conduct in litigation has already cost the City millions of dollars*]
- The City Attorney's Office must continue efforts working with City departments to proactively reduce liability claims against the City from City employees and other litigants [*enhanced accountability, especially within departments, will reduce both litigation and settlements*]

Report

The City Attorney's Office (Office) has been decimated by the City's hard hiring freeze, complicated by many retirements. A significant portion of the Office's employees were older to begin with, and many senior personnel took advantage of the Separation Incentive Program, including heads of departments and units and many senior support staff. There are currently about 135 vacancies in the Office. Ironically, the earlier proposal of the City Administrative Officer (no longer on the table for this year) that 143 positions be cut from the Office nearly happened anyway by attrition without any layoffs.

Accordingly, the Office reports that it is basically disabled and stretched to its limit. The Office personnel believe that they have suffered disproportionately compared with other City departments. Among other things, the Office has received an allotment of only 40 doses of vaccinations even though its employees may be required to appear in person in Court on a regular basis. The personnel are maxed out and burned out, on all sides of the Office (criminal, civil, and municipal). This has made it much more challenging to pursue and enact serious restorative justice reform on the criminal side, which the Office wishes to do. On the civil side, the Office continues to see increases in cases filed against the City, although there are fewer litigators to handle them. On the municipal side, the work is slowing down. The Office's

priorities are to hang onto the remaining staff that it has (approximately 1050 employees) and hopefully to hire back some of the vacant critical positions. The vacancy rate is 12-13% for both lawyers and non-lawyers. Very little funding is available for outside counsel on those cases which should have it.

The Office is waiting on anything that can wait, and has already deprioritized anything that isn't legally mandated. Telecommuting has been encouraged but is getting harder because at least some of the work requires close supervision. The Office is in discussions about continuing to work remotely to the extent possible or desirable. However, one good thing is that the Office may not need to expand (lease more office space) if some degree of telecommuting continues.

The Office hires directly, and is not subject to Civil Service. If allowed to restaff, the Office would usually hire entry level employees once all possible intra-office transfers have taken place, but certain positions require a more experienced staffer. For instance, the Office lost a bond attorney. That position could not be filled by an intra-office transfer, as no one else in the office was qualified to fill that position. Therefore, right now, the Office does not have an attorney qualified to fill that position, and would need to hire from outside to meet that need. Obviously the relatively low salaries of the Office would make that challenging in any event.

The Office cannot identify any other potential cuts that could be made at this point. Ninety-five percent (95%) of its budget is salaries. Ms. Reyes, the Budget Director, has already made every cut she can and has scoured the budget to save whatever money could be saved.

If the Office had the wherewithal to restructure, the biggest possibilities are on the criminal side, and some changes in the structure of the department on the criminal side are likely over time. There should be a diversion program at every phase of the criminal process. One good example is the renewed emphasis on mental health services. But the courtroom still has to be staffed every day. The Office already has the HEART program, which expunges convictions (primarily homeless people) in return for requiring attendance at programs. Many more ideas are being worked on. The Office has great creativity. The Neighborhood Prosecutor program is very successful and attorneys want to be Neighborhood Prosecutors.

The Office has its own software and has no issues with its technology presently. The criminal courts are moving toward electronic filing but slowly. The civil courts are requiring more of a digital presence (mandatory e-filing). A year ago the Office received funding for technology and updated a lot of its technology.

The best suggestion that the Office has to increase revenue for the City, or more likely to reduce liability, is to have enough funding for civil attorneys to reduce liability payouts.

Report on the City Clerk's Office

Attendees at a meeting on February 18, 2021

For the City Clerk: Petty Santos (Executive Officer), Mayra Pucharski (Division Manager), Ruben Viramontes (Fiscal Manager)

For the Budget Advocates: Jay Handal and Liz Amsden

Budget Advocates' Recommendations

- Commit to funding \$160,000 annually for a new Legislative Management System [*cost to be partially offset by replacing five separate systems, plus the benefits of an integrated system, increased efficiency, improved security and reduced maintenance cost*]
- Give the General Manager the authority to allocate the department budget as the City Clerk's Office perceives its needs to be [*no cost, savings from removing bottlenecks*]
- Prioritize replacing two full-time positions in record-keeping [*records are of no use without the personnel to file and retrieve them*]
- Maintain positions that are not funded to expedite filling them once hiring restarts [*no actual cost; the impact on a hypothetical balancing of the City budget is a shell game*]
- Evaluate the Neighborhood Council elections procedures with an eye to streamlining process, expanding outreach to both board candidates and voters [*study costs would be offset by improved efficiencies – plan now, pay later*]

Report

Although the City Clerk's Office (the Office) administers municipal elections including LAUSD races, following the passage of Charter Amendments E and EE in 2018 City elections are now aligned with statewide races, and the logistics are shared with the Los Angeles County Registrar-Recorder.

The Office serves as the primary support for the Los Angeles City Council in regards to both staffing and document management. Additionally, the Office handles time keeping and payroll for Council offices, as well as new and small departments.

In the past couple of years, considerable effort has focused on replacing the existing five siloed management systems handling paperwork including Council Files, contracts and City ordinances with a single digital system providing a more user-friendly interface and one capable of automatic captioning.

This system is scheduled to go live sometime in April and, in addition to annual licensing costs will need one-time funding to inform and educate people about the transition.

Staffing

Like other departments, the capacity of the Office to perform its mission is being compromised by loss of 21% of the staff to retirement and the Separation Incentive Program, and further aggravated by the hiring freeze, the 3% budget reduction and the loss of unstaffed positions.

On top of servicing the City Council and elections, the Office's priority is responding to Public Records Act (PRA) requests filed with the City Attorney. The lack of key personnel limits its ability to reply to requests from universities and the general public.

The loss of clerical supervisors will affect services to public. When their physical offices reopen, the Office won't have the people to staff them full time and will need to reduce days and hours for answering the phones and responding to walk-in requests.

The Office also provides hiring requirements for City Council office staff which, due to turnover, can run to a hundred people a month compared to an average of twelve in departments.

In their budget request, the Office has identified eight essential positions that must be filled. Just shuffling personnel from elsewhere in the department will reduce the level of expertise in some areas and create holes in others.

Cross-training people to handle two or more positions is always beneficial. At times like this and where work is more seasonal, it helps both the departments and employees. If this could be done across other departments, there would be a sharing of the related salary and benefit costs and would provide steadier employment for workers.

While the Office does not hire through the Personnel department, it faces some of the same issues of union control over decision-making – which the City must address. Expanding targeted local hire during a transition period could be an option.

Neighborhood Council accounting and elections

The Office conducts elections for the Neighborhood Council (NC) system and, in recent years, has assumed responsibility for NCs' accounting. It has lost or is losing staff who not only are integral to those functions but have irreplaceable institutional memory that will affect the operations of DONE and impact individual NCs.

This is another case where the hiring freeze has created holes in one department only to have them impact another.

One area where the Office has a real opportunity to affect racial and gender equity is through better outreach for the rolling NC elections to increase diversity and turnout, for both candidates and voters.

Folding these elections into the County-run ones might expand awareness and increase the credibility of the NC system. However, given more people are qualified to vote in the NC

elections than under California law, the Office would have to address how to add these additional voters – people who work or attend schools in the neighborhood, 16- and 17-year-olds, and non-citizens.

IT Functionality

The Office was another department that was able to swiftly implement safety protocols and move to telecommuting when the Mayor’s Safer-at-Home policy was implemented.

It has an up-to-date IT sector staffed with its own people, some drawn from the ITA (presumably those lost in previous years’ gutting of ITA staff). The Office’s IT director would like more people to handle the workload but, at the moment, is handling commitments with existing personnel.

This is another department which, along with ITA, StreetsLA, and Sanitation, is losing staff to the LADWP. This is a chronic situation that must be assertively resolved by the City due to impact of the added costs of hiring and training on the City budget.

Conclusion

Part of the Office’s mission is to catch and address problems before they occur, which is always a simpler and more elegant solution than dealing with them retroactively.

Eviscerating the department that supports the City Council, provides logistical support for core services, and anticipates and proactively addresses problems is crisis management at its worst

The people who can best address trimming any fat from this department are the City Clerk and its key staff.

Report on the Los Angeles City Controller's Office

Attendees at a meeting on February 5, 2021

For the Controller: Ron Galperin (Controller), Crista Binder (Chief Deputy Controller), Chris Concepción (Deputy Chief of Staff), Christina Ibarra (Community Engagement)

For the Budget Advocates: Julia Moser, Liz Amsden

Budget Advocates' Recommendations

- Fund more auditors / audits [*net savings*]
- Amend the City Charter to improve the ability to make officials and departments accountable [*no separate cost to ongoing revisions, potential savings*]
- Work with the Controller to use the tools he has developed to find techniques to address challenges, including leveraging ways to use stimulus funds to rebuild the City's finances [*limited if any investment now, potential significant return*]
- Rebuild the City's Budget Stabilization and Reserve Funds [*essential for the City's budget health*]

Report

Controller Ron Galperin oversees a team of 174 employees who conduct independent audits, manage the City's payroll and spending, report on the City's finances, pursue fraud and waste, and work to create a more transparent, accountable and modern city for residents.

Even before the pandemic, the numbers showed that the City was in trouble with income increasing but expenses growing faster. With the decline in revenues for both the General Fund and proprietary departments (LADWP, ports and airport), there have been financial challenges apparent for nearly a year.

It's hard to replace lost income in a poor economy as it affects individuals and businesses so the only option is to focus on becoming more effective and efficient.

The City Charter sets out the responsibilities for the Controller. Ron Galperin, the current City Controller, has promoted greater transparency on City spending with his Open Data portal, Control Panel L.A. and a variety of dashboards. Effective use of this data to track results is essential, so that appropriate choices can be made at all levels of management and, hopefully, lead to both employees and stakeholders challenging inefficiencies and generating savings for the City.

This financial information is critical to evaluate costs that may be a direct result of the siloization of departments and the offices of the Mayor and Councilmembers, as well as to create a way to assess the enormity of homelessness expenses across the City.

This transparency of expenses should lead to calls for better accountability and more effective chains of command to effectuate change. In today's challenging world, the departments and City need to be nimble to fulfill their missions and get out from under a bureaucracy created to serve a different set of conditions than we face in 2021.

The day-to-day operations of the Controller's Office keep the City functioning, meeting payroll, and handling financial reporting, but cuts have decimated its ability to perform audits and save the City the money it needs to operate effectively.

Audits

There is a proven multiplier effect of dollars spent on audits. The more spent, the greater the financial return to the City.

Audits are critical; they determine if existing controls in City departments are adequate, gauge whether departments are operating efficiently and effectively, and ensure that revenues and expenditures are properly recorded in conformance with applicable laws and regulations. Auditors recommend improvements that promote efficiency and effectiveness of City operations that save taxpayer dollars.

One single four-year audit of the Street Damage Restoration Fees led to increasing income for the City from \$7 million to \$70 million.

Without increasing funding for the Controller's team of auditors, which already has fewer resources than most other large cities, the City risks losing money, money that would more than cover their cost.

Staffing

As with other departments, the Controller's office is facing devastating cuts: 18% last year and more coming in 2021 due to retirements and the Separation Incentive Program, with the hiring freeze hindering the replacement of many vacant positions – some crucial – running at 21% at the time of our meeting. Even cost-effective programs have been hit, making it difficult to retain even accounting assistants.

In their case, this is aggravated by an older employee base and further compromised by the loss of that experience as well as dealing with civil service procedures set up in a bygone era which tie the hands of those endeavoring to restaff with people having the requisite skill sets.

Furthermore, the Controller has nothing left for contractual services including many audits that must be performed by non-City personnel.

The Mayor has called for department budgets to focus on equity. The Controller's staff come from diverse backgrounds and is already 65% women.

Functionality

In response to the Mayor advising the Budget Advocates that a City Manager was not needed because the Controller performed that function for the City, Ron pointed out that his title is deceptive.

Despite what the Mayor has said, this is a reporting department – they do it well – but under the Charter’s dispersal of power between elected officials, the Controller is not able to manage other City departments. All City departments take instructions from the Mayor and City Council, all budget decisions are made by the Mayor and City Council, and the Controller is responsible for reporting and making it all work.

One concern brought up during the meeting was the haphazard handling of cuts – an issue common to meetings with other departments – imposed from above without regard to the Controller’s needs in this case or the impact of unilateral cuts in one department on another.

Another was that with all the changes in the City in the past decade, every area needs to evaluate their position within the governing structure, replace or remove what isn’t working, and improve centralized accountability for both departments and the offices of the City’s elected officials.

On a side note, a significant portion of the City’s General Fund goes towards paying police and firefighters but, due to legal reasons, LAPD and LAFD personnel don’t have to live in Los Angeles so their salaries are primarily spent outside the City.

Summary

The good news is that the City’s treasury is robust so it doesn’t face any cash flow issues now. But that could quickly change if it doesn’t resolve its budgeting crisis, not the immediate one of lost income due to the pandemic, but the ongoing structural problem of spending more than it takes in.

With the regime change in Washington, California may have better luck in reclaiming its fair share of what Angelenos send to D.C. as taxes. But the City needs a comprehensive plan to effectively leverage stimulus funds and other Federal programs for infrastructure and other improvements.

To meet these challenges, the City doesn’t need to increase its overall workforce, it just needs to ensure existing staff can work smarter. And to ensure that the Mayor and City Council support those efforts instead of getting in the way, albeit with the best of intentions.

Finally, the Controller names homelessness as *the* existential challenge for Los Angeles today. *Not* meeting it head on and *not* addressing existing shortcomings within City-funded programs relating to homelessness will guarantee the City’s fiscal condition will remain in peril.

The homelessness crisis is an embarrassment to all Angelenos, and a public health and safety crisis which must be tackled with more urgency and efficiency.

Report on the Department of City Planning

Attendees at a meeting on April 1, 2021

For the Los Angeles City Planning Department: Kevin Keller (Executive Officer), Shana Bonstin (Director of Community Planning), Ly Lam (Senior Management Analyst)

For the Budget Advocates: Barbara Ringuette, Brian Allen, Kay Hartman, Lee Blumenfeld, Patricia Bates

Budget Advocates' Recommendations on the Budget

- Set the appeals fee at one percent of “full cost recovery” or \$158, an increase from the current fee of \$89, but far less than the proposed full cost fee [*a small increase in revenue, fairness to the average citizen*]
- Fill five essential positions, now vacant – 2 accountants to manage the department budget and 3 Zoning Administrators [*expediting projects that will generate property and sales taxes, increasing revenue*]
- Evaluate and revise criteria for distinguishing between remodeling and new construction, especially “one stick” remodels, which everyone knows are new construction. [*increase in revenue*]
- Enforce compliance with permitting rules, including owner/builder permits. [*enforcement always increases revenue, even when considering cost*]
- Spend community improvement fees such as QUIMBY and the Private Arts Development Fees within the proximate community, so the communities hardest hit by new development are the communities who get the benefit from the fees: Local parks are essential [*no budget impact, redistributes funds*]

Budget Advocates' Recommendations on Policy

- Complete Community Plans, The Wildlife Pilot Study, and any other projects where costly work will have to be duplicated if not completed within the necessary time frame [*preserves current investment, eliminates possible duplicate expense*]
- Incentivize development of housing for low- and middle-income levels [*advocate for state and federal funds, housing is needed for all income levels*]
- Advocate for local control of land use matters; Resist top-down directives from Sacramento that exclude local input [*local control results in projects that better serve the community and the local economy*]

- Expand opportunities for Neighborhood Council and public input on all projects including by right projects [*community input results in better projects that boost the economy, increasing tax revenue*]
- Incorporate adaptive re-use of existing properties into the updated Housing Element of the General Plan to quickly increase the supply of housing for unhoused persons, with planning for transition to more permanent housing [*could reduce cost of construction; advocate for state and federal funding*]
- Expand infrastructure - water, electrical, sewer, etc. concurrently with new development [*proactive investments in infrastructure support development and ensure sustainability*]
- Create a position for a City Planning Liaison to Neighborhood Councils [*enhances decision making by Neighborhood Councils*]

Report

Los Angeles City Planning (DCP) reviews project applications, processing entitlements, and approvals to ensure that future decisions about development are aligned with the City's land use policies and land use regulations. City Planning is also responsible for administering the Zoning Code, promoting urban design principles, and managing the City's historic resources. From overseeing the long-range planning efforts to managing the environmental review of projects, City Planning's work has a lasting impact on Los Angeles.

The Pandemic

DCP has faced numerous challenges over the past pandemic year. A major change was the shift of all the many meetings, workshops, and hearings to an online format. In some respects, it is cumbersome, but participation in hearings and workshops has gone up. The DCP website is an excellent source of information on all DCP programs, as are their monthly, quarterly, and annual newsletters.

DCP expanded application and online payment capabilities to provide businesses and residents with remote access to core development services and developed an in-house Online Application System (OAS). The OAS has made it possible for residents and businesses to submit online payment for planning services, in addition to assisting the Department with accommodating digital submissions for a number of planning approvals during the initial months of the pandemic. Going forward, the best features of the online functions will likely be retained.

Revenue has been negatively impacted by the pandemic. For the current fiscal year, DCP's total budget is \$52.89 million, down 13% from the prior year. \$11.42 million comes from the General Fund in the current year, a 25% reduction in the General Fund portion. Most of the rest of the funding for DCP comes from Special Funds received from application or permit fees. These include the Planning Case Processing Fund (\$23 million), the Long-Range Planning Fund (\$8.5

million) and the System Development Fund (\$7.6 million). There was an initial steep reduction in fee-generating applications. Applications have recovered, but not quite back to pre-pandemic levels. Certain state law changes have reduced the number of appeals (for example exempting certain uses from the California Environmental Quality Act (CEQA). DCP historically has recovered about 64% of the cost of its services. It is in the process of updating its fee schedule which should help reduce reliance on the City's General Fund.

Total salaries in the current fiscal year budget are \$42 million, a reduction of 12% from the prior year. Contractual services are \$9.3 million, down 20% from the prior year. Each City department was required to reduce its budget by three percent. Staffing has been reduced due to retirements under the City's Separation Incentive Program (SIP) and by the hiring freeze, despite the fact there were no layoffs. There were also pandemic-related disruptions with contractual work, much of which was involved in producing Environmental Impact Reports. Fortunately, the average age of staff is fairly young so there was not as high a percentage of SIP departures as other departments.

Three of the nine zoning administrators were lost to the SIP, which has resulted in hearings being delayed. Another urgent need is accountants – two accountants were lost to other City agencies which pay more. Further, about 150 of the 400 or so staff were re-deployed at various times during the pandemic as Disaster Services Workers, most as contact tracers, others at testing and vaccinations sites and for Project Room Key. The DCP has maintained current Civil Service lists and they are ready to hire when able.

Moving Forward

DCP is in the process of updating the City's 35 Community Plans to reflect current and future policies and land uses. It was noted that if there is any extended disruption in preparation of these it will be very costly. Money needs to be recovered from the General Fund to ensure that these plans can be completed. Funding for Community Plans comes both from a 7% permit surcharge and from the General Fund. Their completion is very high priority. Development and release of these plans, as well as enforcement of their provisions is crucial to making Los Angeles a livable, sustainable, and exceptional city.

Community Plan Implementation Overlays are being introduced as a way to fine-tune the policy goals and objectives associated with a Community Plan to fit the needs of individual neighborhoods. They use specialized zoning rules to regulate proposed projects within a well-defined area.

Other innovative programs include the Transit Oriented Communities (TOC) Incentive Program, which incentivizes construction of affordable housing near public transit hubs. DCP creates TOC guidelines for all housing developments within a half-mile radius of major transit stops. The TOC program has already resulted in new housing and much more will result from the program.

The State is producing legislation that would interfere with local programs that are already operational, including creating additional affordable housing. This raises the question of how a

more productive dialogue with Sacramento can take place regarding what is working, what is not, and where actual help is needed. An example might be expanding tax credits to assist affordable housing developers with financing, using incentives instead of dictating zoning and land use overrides.

Another innovative program will address aerial mobility which would include drones. Adding programs, however, would require additional staff.

The City of Los Angeles has designated the eastern Santa Monica Mountains (between the 405 and 5 Freeways) as LA's first Wildlife Habitat Linkage Zone. The City Planning Department's preliminary work for this ordinance can be seen in the Wildlife Pilot Study page of the DCP website. The study is nearing completion, and much already completed work would be lost if the project could not be funded to completion. It does appear from the budget analysis that the resolution authority (temporary) positions assigned to the study were discontinued. We are asking that those positions be restored.

The program for ensuring compliance with the City Home Sharing Ordinance has succeeded to the point where the fees generated are sufficient to cover the cost of the program, which reduces the dependence on the City's General Fund. The fees include a registration fee plus \$3.10 per night. DCP has contracted with an agency to monitor the web for short-term rental advertisements to enforce compliance with the registration and reporting requirements.

The City's Chief Administrative Officer, Richard Llewellyn, Jr., proposed raising appeal fees to the level of "full cost recovery" for the City – or about \$16,000 per appeal. DCP is opposed to this and will ardently push for its proposed fee of \$158, pegged at one percent of the full cost. There are a multitude of reasons for opposing the draconian fee proposed, because it obviously would prevent most citizen appeals. Very few people would think an appeals fee based on full cost recovery would be acceptable.

The Housing Element update to the General Plan, which will guide implementation of the City's housing plan through 2029, is partially completed. It will address housing production, housing stability, equity, and protection of existing communities, affordable housing in all communities, homelessness, and creation and preservation of livable accessible communities. Most people agree that there must be a significant increase in the number of housing units to cover all levels of need and income. Further, consideration must be given to sustainability, mobility, and access to open space.

Summary

The DCP is a relatively young, vibrant, and innovative City department, and it is truly at the forefront of imagining the City's future. The pandemic has caused disruption in the flow of work, whether the actual planning processes or ministerial permitting functions. It will be crucial for DCP to fill in the gaps where they have lost essential staff as soon as hiring is permitted and to assure funding for contractual services. The fact that DCP is opening a field

office in South Los Angeles is a step in the right direction for equitable delivery of services to all City regions.

Report on the Department of Aging

Attendees at a meeting on March 2, 2021

For the Department of Aging: Laura Trejo, General Manager

For the Budget Advocates: Diedra M. Greenaway

Budget Advocates' Recommendations

- Restore positions that were retired to ensure full functionality within the department [*pandemic cost / the pandemic and resulting economic crisis has exacerbated the need for services*]
- Actively address food insecurity of seniors to ensure a healthy senior community outcome and prevent further community break-down associated with lower nutrient intakes [*not addressing this will lead to future costs as senior homelessness increases and moral losses as their ability to contribute to society deteriorates*]
- Address the gaps in access of information technology for seniors to ensure proper access to services online [*existing mission*]
- Advocate for coordinated City and County programs online through access to information technology during the pandemic, so senior services are more accessible, efficient and client focused [*working with existing funds but more efficiently*]
- Increase funding for meal programs to meet the needs of a growing senior population during the pandemic [*pandemic cost / moral obligation*]
- Reinstate Older Workers Employment Program in the effort of using the unused grant money that has been allocated to pay older workers [*use of existing funds*]
- Continue efforts to encourage better government preparation for an older adult population in the future [*existing mission*]

Report

There are approximately 764,000 older adult (60+) residents in Los Angeles, and this population is projected to exceed 1 million by 2030. Older adults comprise 19% of the City's population and this ratio will increase to approximately 24% (nearly one in four Angelenos) by 2030.

As the City grapples with an unparalleled health crisis known as Covid-19, older people have become some of the more visible victims. The pandemic has spread among the elderly population with vigor, and evidence has indicated that older persons, and those with underlying medical conditions, are at a higher risk of serious illness and death from the Covid-19 disease.

Food Insecurity

The Department of Aging faces critical demographic changes for the City's senior citizens as it is responsible for the administration of City-based programs, services, and activities for seniors and their caregivers. However, the scale of economic insecurity among older adults in the City of Los Angeles often goes unnoticed.

Challenges in accessing sufficient food during the pandemic are likely occurring for several reasons. Safer-at-home orders, social distancing, and the closure of businesses, and community organizations are critical to arrest the spread of the virus. However, these policies are also making it difficult for older adults to get food and/or struggle to acquire food due to the cut in services in Los Angeles. The City needs to seriously consider rectifying this issue immediately.

Access to IT

Social distancing means significantly less face-to-face interaction, which may be particularly harmful to older adults given their existing levels of loneliness. While social technologies can be used to provide critical social interaction during this time of necessary physical distancing, older adults tend to either lack access to these technologies or the skills and experience necessary to use them effectively. This equates to less access to services from the Department of Aging.

Staffing

The Department's managers describe Aging as a largely grants-funded Department. However, the grant money allocated to pay older adult workers remains untouched due to the massive cuts in staffing. The significant lack of staffing within the Department of Aging has had a detrimental impact on access of services as well as the checks-and-balances required to operate the Department effectively especially on a financial level, and restaffing is solely dependent upon the Mayor restoring the positions.

The Challenges of Covid

The City of Los Angeles Department of Aging faces challenges during Covid-19. The rate of food insecurity among older adults in the City is unprecedented and substantially higher than before the pandemic.

As we enter another year of Covid, issues have become more crucial to the future of the Department of Aging and the fiscal policy of the City of Los Angeles, and none is more deeply associated with our core task, which is to apply independent analysis to public policy. The City's deficits reflect both rising expenditures, especially for Medicare, Medicaid, and Social Security recipients as the baby boom generation retires, and falling revenues related to recently enacted cuts to the Department of Aging.

At the same time, the City of Los Angeles appears to be neglecting key areas, including health care and food security for the elderly, and the plight of recurring issues associated with the inability to access services through information technology and lack of adequate staff to run the Department.

Conclusion

The lack of access through online services due to an inability to access information technology is a major concern. It has a negative impact on food security among older adults who have been advised to strictly adhere to safer-at-home orders and, in doing so, may have difficulties grocery shopping or getting prepared meals.

Lack of staffing within the Department of Aging is devastating to the older adults who are residents of Los Angeles. The mayor has declared a fiscal emergency for 2020-21 resulting from the City's response to the Covid-19 pandemic and the pandemic's impact on the City as a result of the City's increased expenditures on both protection and services for City residents and the corresponding decrease in revenue.

We offer recommendations for the Mayor and his budget team on how to improve the functionality of the Department of Aging, and how to support older adults in their effective use of digital technologies in order to access services.

It all comes down to reform. As life expectancy increases, the generosity—and cost—of Los Angeles City funding should automatically increase. Well-designed reforms of the programs provided to the elderly through the Department of Aging will eventually produce large savings and are essential for long-term fiscal balance.

Report on the Department of Cannabis Regulation

Attendees at a meeting on February 23, 2021

For the Department of Cannabis Regulation: Michelle Garakian (Assistant Executive Director, Policy and Communications), Jason Killeen (Assistant Executive Director, Licensing and Compliance)

For the Budget Advocates: Jay Handel and Liz Amsden

Budget Advocates' Recommendations

- Maintain staffing [*losses, even of support positions, will directly impact income for the City*]
- Provide ongoing funding for the social equity program [*to improve the ability of social equity applicants to navigate the process successfully and start producing revenue*]
- Reinstate the General Manager's regulatory authority [*necessary to stop delays as State regulations change*]
- Waive the hiring freeze on replacing key personnel [*department does not have the depth of staffing to cover others staff functions*]

Report

The Department of Cannabis Regulation ("DCR") is one of the newest and one of the most profitable departments in the City.

Due to the pandemic and its impact on regulatory approval and the processing of applications licenses, the potential for General Fund income has been limited over the past year. But even with all the delays, the DCR anticipates revenues of \$120 million for FY 2021/21. Delays in collection should normalize in the coming months further increasing income for the City.

The department's number one priority is to process applications, all of which are being expedited with the hope that licenses ready to process will be caught up by May 1 and that 2,000 licenses will be issued by end of 2021. Each license means more income for the City and more jobs for Angelenos.

Its next priority is to update billings and then to finish building a platform focused on educational materials and support for social equity applicants – pre-pipeline entry counselling, pro bono legal help, basic business skills, and training in DCR procedures – to ensure these enterprises can succeed.

This requires the City commit to fully funding the program now, including for applicable contractual services. The sooner social equity businesses cross the finish line to obtain their licenses, the sooner there will be a return on investment for both the licensees and the City.

Further expansion now seems unlikely given the Mayor and CAO made the request that the DCR demonstrate the return on investment prior to funding. This is a Catch-22 because it was never built into the fees for the social equity applicants.

However, investing in the website (which will be primarily self-serve) will save the department hours of time, time that can be better dedicated to processing applications, finalizing new licenses, issuing invoices, and overseeing existing licensed locations for compliance and fee collection. In other words, making money for the City.

Furthermore, the more businesses that can be licensed in the coming months, the more positive impact their income will collectively have on City revenues when the economy starts to flourish.

Staffing

Given the DCR's revenue-generating status, it would like the Mayor to waive the hiring of replacements for anyone retiring or taking advantage of the Separation Incentive Program. In that over 80% of the staff has worked for the City for less than five years, it doesn't anticipate losing a lot of people but it has a number of open positions and would like the freedom to manage its employment needs.

Staffing up to process existing retail as well as non-retail and delivery applications and fees will clear the backlog and also drive new applications and increase oversight needs. Impairing this progression will result in loss of revenue for the City.

It would also like the ability to staff more support positions through the Targeted Local Hire Program.

Challenges

Bottlenecks to progress include the loss of key Building and Safety, and LAFD inspectors which has delayed approvals. And staffing issues in the Office of Finance have impeded finalization of the DCR licensing portal. Without cannabis-directed funding, the LAPD has not shut down illegal operations leaving these in competition for cannabis dollars that would otherwise be shared with the City.

Since no money flows to the General Fund until every box is checked, it would behoove the City to address how personnel cuts in some departments affect the work of this and others, especially those that generate income.

During the pandemic and subsequent funding cuts, the DCR lost momentum on social equity. With the Mayor calling for a focus on investment in equity and fairness for communities of color, allocating the money already approved for social equity licensing is a place to start.

Litigation has become an impediment to the DCR's progress with twelve active cases diminishing the ability of three attorneys to support the license processing team. Logistics of enforcement, both to ensure the City captures its due – potentially hundreds of thousands in lost fees and taxes – and to protect Angelenos from the dangers of unregulated activity, need to be further developed and appropriately applied.

This involves multiple City departments – the City Attorney, Building and Safety, the LAFD, and the LAPD – as well as State and County regulators. When property is seized in a raid, it has to be by State personnel who have the authority to destroy or the LAPD will run out of storage space.

The DCR and LAPD have obtained an enforcement grant to build a working group to synchronize targeted enforcement.

Improvements

The DCR is working to integrate its IT system with that of the City's ITA and build out their needs through the various portals – application, licensing, social equity and complaints – from there. This will save money and reduce interface glitches.

The State is optimistic about integrating its system with that of the DCR to speed up the application timeline but will not address it until 2022.

Conclusion

Three key requests from the DCR are for the City to:

- exempt it from managed hiring and the citywide targeted reductions;
- fully fund the social equity program; and
- return regulatory authority to the General Manager within specified parameters.

Any business knows you have to spend money to make money. And there is a lot of money to be had here.

The social equity program was a key component of the City's cannabis ordinance. It must be honored.

The industry continues to mature as businesses come on line, the State tweaks regulations, and the application of rules and procedures evolve. This requires that, at least until changes to State requirements abate, the General Manager have the flexibility to address minor problems, such as extending deadlines, before 3-month delays due to City bureaucracy block progress towards profit.

As with other departments facing micro-managing by the Mayor and CAO, the City needs to trust its General Manager and refrain from creating paralysis by analysis.

Report on the Department of Neighborhood Empowerment

Attendees at a meeting on February 5, 2021

For DONE: Raquel Beltrán (General Manager), Armando Ruiz (Director of Administrative Services), John Darnell (Neighborhood Empowerment Advocate)

For the Budget Advocates: Liz Amsden and Danielle Sandoval

Budget Advocates' Recommendations

- Allocate a percentage of unused Neighborhood Council (NC) funds to the Department of Neighborhood Empowerment (DONE) so that DONE has the resources for more consistent and effective outreach to the NCs [*reduces funds for the City*]
- Reassess the purpose of DONE and its support of the NCs in effectively communicating community concerns to the Mayor and City Council [*evaluations should be ongoing*]
- Aggressively expand outreach to all stakeholders to ensure boards are no longer elected by small minorities, in many cases by less than 1% of those qualified to vote [*cost depends on how this can be achieved*]
- Immediately create and post a single, downloadable document of the codified rules and procedures for NCs to be available to all [*no fiscal cost, should be priority for existing staff*]
- Reestablish DONE's weekly newsletter [*no fiscal cost, should be priority for existing staff*]
- Establish a working group drawing on experienced board members, current and retired, from across the City to preserve institutional knowledge and help the department address issues and concerns [*minimal cost, potential for significant savings*]

Report

DONE's representatives provided a great deal of important information during the meeting. This report addresses those issues that the Budget Advocates feel are priorities.

DONE's overall goals differ somewhat from those in previous years. In response to the Mayor's objective to reduce the budget while maintaining key services, its priority for the upcoming fiscal year is to retain staffing and maintain outreach to Neighborhood Councils by folding the mandated 3% reduction into its existing baseline budget. Only one person took advantage of the Separation Incentive Program but shortly after the meeting two key employees departed, leaving the department with some of the same staffing concerns facing other departments.

Providing direct NC support is DONE's core service; what is needed for the boards to operate. To do so adequately requires more Project Coordinators (pka NEAs) which remain at twelve, or

one for every eight NCs, instead of the ratio of one for every five to six NCs as previously recommended by Budget Advocates.

Furthermore, DONE's Administrative Services is short-staffed with only a public information officer, an accountant and three project assistants to oversee the website, social media for the department and accounting and logistics for 99 NCs.

Information is everything. DONE's defunct weekly newsletter, reaching far more Angelenos than just current board members, fulfilled an important function for NCs and stakeholders with its overview of the department and summaries of meetings providing cohesiveness and keeping complicated schedules organized. It needs to be reinstated.

The Good

We commend DONE for its effective transition of NC meetings to an online safer-at-home environment.

The department is currently working proactively with Zoom to ensure the platform can better serve virtual governance moving forward, giving NCs the online tools they need to function effectively, not only during the pandemic but also in preparation for the probability of long term continuance of virtual meetings.

Financial Issues

If the purpose of the department is to continue to support the NCs through training and advice, they are short-staffed and have lost almost 80% of their contractual services budget.

Furthermore, the City may have been counting on more vacancies/retirements, with the no-hiring policy in place plus furloughs to generate a 9% cut in salaries, money that will need to be found elsewhere along with the further demands for cuts – 3% across the board and 10% of contractual services. 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.

Organizational

DONE must address a flaw in the NC system that has become more apparent in recent years. Too many boards are elected by a small minority of their stakeholders, often by under 1% of those they claim to represent. This cannot be construed as democracy.

To democratically represent the neighborhoods, DONE must expand NC outreach and ensure it is more effective.

Problems

The proposed budget has 35 positions, 7 of which are vacant (9 if counting recent losses). Logistically, at this level of staffing, the work expected of DONE is too much to handle and handle well.

NCs need support to operate. Board members need training. Treasurers need assistance with documentation. The DONE website needs better updating. People need a comprehensive list of NC rules, procedures and policies. Outreach to board members and stakeholder needs improvement.

NC board members should be focusing on community engagement not passing tests. DONE must maintain the codified rules and procedures for NCs on their website, leaving staff available to answer questions when they arise. Focus for the department should shift to fixing the problems rather than trying to micro-manage everything.

Even when in-person meetings restart, virtual participation will continue. DONE needs to address the worldwide dilemma of social media encouraging antisocial behavior, whereby a few disgruntled participants can effectively disrupt multiple meetings.

Everyone understands that social media is skewed. DONE needs to provide NCs with effective Zoom tools and case-specific hand-holding to address such issues as they arise.

DONE also needs better ways to assess the importance of all types of complaints and if action needs to occur at the NC level or citywide.

With the cuts and limited staffing, DONE needs to prioritize its resources.

For the past year, DONE has been focusing on overhauling the system that has worked for almost 20 years and adding new policies which may be needed but have upset a number of long term NC adherents for a wide variety of reasons.

Are the continued efforts to standardize internal procedures to track Charter, BONC, City Attorney, and ordinance requirements the most essential use of the department's time and money?

Is the middle of the elections the appropriate time to discuss when to seat boards?

Since the beginning of the fiscal year, DONE has restructured positions three times and will do again in April. Is this beneficial for its staff and the NCs?

Although the Mayor called for the budgets to focus on increasing racial equity, how can this be appropriately addressed in a grassroots environment which, foundationally, was created to ensure NC boards are the faces of their own neighborhoods?

Summary

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

DONE was established to enable neighborhoods to engage with the City government. This may be messy at times but that is democracy at its best. People who draw within the lines, rarely make history.

No vision can be imposed, adherents must be seduced. For the department to renew itself it must inspire the Neighborhood Councils with a sense of purpose and support to win them over.

From San Pedro to the Valley, there has been an escalation of complaints against DONE in the past year.

DONE was established to support autonomous NCs, who increasingly voice concerns about having to follow limiting directives while not being given sufficient support to comply.

The City must ensure that the purpose of DONE is to empower NCs to communicate community concerns to the City's elected officials. Focusing on metrics – by DONE and by the City – to justify success is hollow if it's a bunch of numbers, not real changes that benefit the community. The number of CIS submitted is a statistic. The real question is – what changes, what solutions did they drive?

The City should consider allocating a percent of unused NC funds to DONE so that it can use the resources to help NCs become more effective through identifying NCs that need assistance and assigning a core group of experienced board members from successful NCs to provide peer-to-peer assistance.

The last four reports from the Budget Advocates raised concerns about the lack of training for board members, the lack of readily-available training materials for reference, the lack of knowledgeable support for the NCs, the lack of NEAs (now Project Coordinators) to convey and advise, and the need to expand participation to all stakeholders.

These needs have to be addressed to ensure the survival of the Los Angeles experiment in participatory democracy.

Report on the Economic and Workforce Development Department

Attendees at a meeting on March 25, 2021

For the EWDD: Fred Jackson (Assistant General Manager, Workforce Development), Anthony Sanchez (Sr. Management Analyst, Administrative Services)

For the Budget Advocates: Liz Amsden

Budget Advocates' Recommendations

- Fund positions identified as critical [*minimal cost to maintain maximum grants & services*]
- Maintain (not delete) other positions lost to retirement and SIP including pre-Covid vacancies [*even if not fully funded for FY 21-22, the ability to fill when funds become available is essential to the smooth re-establishment of programs currently on pause*]
- Increase emphasis on integrated training to attract and support innovative businesses [*existing program, clarity of focus*]
- Expand and focus incubator projects on green supply chain tech and development [*existing program, clarity of focus*]

Report

The Economic and Workforce Development Department (EWDD) was created in 2013 by Mayor Garcetti as a modern, more efficient way for people to do business in Los Angeles with job training and improved career opportunities, and to stimulate economic growth in neighborhoods across the City.

EWDD's new General Manager came on board just as the pandemic was starting and her leadership has kept the department moving forward, working with the Mayor' office to ensure the needs of those EWDD serves are on their radar.

Staff was shifted to help with City Covid-relief funds, and obligations have been juggled to maintain services and continue with the different cycles/rounds of money out to businesses. However this has not been entirely successful, and without enough people to run certain programs, they have been put on pause.

EWDD's services are leveraged by grants and funds to support and sustain long-term economic and development goals, especially the specific needs of low-income neighborhoods.

Staffing

As with other City departments, the EWDD has lost positions to the Separation Incentive Program, especially in its Financial Management division, and from retirement. This was magnified by existing vacancies and the hiring freeze.

The lack of key staff and the loss of institutional knowledge are impacting the department's ability to deliver on its mission.

Furthermore, if these positions are deleted in FY 21-22, it could significantly affect services and critical programs for underserved communities.

In many cases the bulk of these salaries come from Special Funds and loss of the positions if they can't be backfilled will cost the City hundreds of thousands in lost revenue.

A number of them involve specialized skills – bond program, fiscal oversight, insurance liaison, tech support, data analysis – and will not easily be replaced if the hiring process has to start from scratch.

EWDD's budget proposes eliminating other positions but their loss will still impact the department and programs which are needed for economic growth in the wake of the pandemic.

Grants = Revenue

The City funds certain programs – youth employment, homelessness, development, staffing for application and administration of grants, other systems costs – from a behind-the-scenes mix of General Fund and Special Fund monies.

But the bulk of EWDD's operational funding comes from Federal, State, County and local Special Fund grants, some of which passes through to other departments including General Services, Personnel, City Clerk and the Controller to cover program-related costs

This is a great source of revenue to the City, and expands on what Los Angeles can provide its workforce, its business community and as incentives to attract new industries.

Most Federal and many other grants come with mandates to monitor expenses and outcomes including requiring audits. With the loss of staff and cuts to contractual services, the department is limited in what it can administer.

If EWDD is unable to fulfill administrative obligations required for the use of grants, the funding will need to be returned, negatively impacting the General Fund.

Innovation

The department supports nine Business Source Centers, including Youth Centers and a sidewalk vending program, and four incubators. A core mission is to create a pipeline for small industries and services, and to support their growth through small and micro business loans, conferences and training, and events to assist job performance.

The incubator projects include green economy innovation highlighting the Mayor's plan to ramp up clean-oriented tech and manufacturing to create jobs and put the City out in front of climate action and the green revolution. Another might be vertical urban farming, again creating jobs and improving the City's resilience.

We support the General Manager's interest in building up the entire green supply chain and eco-support system, putting Los Angeles ahead of the curve and encourage further discussions with other departments i.e. Metro on electric vehicle manufacturing.

The possibility of Los Angeles setting up its own broadband system like some cities in the east have done has been cited in several reports as a social equity right to level the playing field for low-income neighborhoods, but it would be a major advantage for the City to attract and retain businesses.

Summary

Like the rest of the City, EWDD faces challenges – lack of staffing and the current needs of struggling businesses far exceeding existing funds.

Without the positions the department has lost, it will be difficult to re-establish programs going forward and provide services necessary as companies and businesses come out of the pandemic. Additionally, there is a need for new positions to implement new programs to help rebuild the Los Angeles economy in the wake of its economic losses.

The General Manager is working with Councilmembers and the Mayor to ensure grant services and administration is on their screen, because the augmentation of resources through grants and funds from other levels of government will enable the EWDD to continue its mission and enhance the City's economic stability.

Report on the Emergency Management Department

Attendees at a meeting on January 6, 2021

For the Emergency Management Department: Aram Sahakian (General Manager), Carol Parks (Assistant General Manager, Community Preparedness and Engagement/Planning Divisions Chief) and Gary Singer (Training and Exercises/Operational Readiness Divisions Chief)

For the Budget Advocates: Liz Amsden, Chin Thammasaengsri, Jennifer Goodie, and Brandon Pender

Budget Advocates' Recommendations

- The General Manager must provide the City with a plan to:
 - (a) return the Department to full operational capability including the ability to staff the Emergency Operations Center 24/7;
 - (b) ensure the Alternate Emergency Operations Center is operational;
 - (c) establish and maintain pre-positioned supply caches throughout the City; and
 - (d) improve the ability to coordinate the efforts of City departments and neighborhood volunteers in the event of any emergency.
- The Emergency Management Department (EMD) must be deemed an essential department given its importance in maintaining lives, infrastructure and fiscal integrity in the face of the pandemic and any future emergency.
- Given that safety of Angelenos is THE most essential service that the City provides, the City must plan for worst-case scenarios by immediately underwriting all elements of the plan provided by the General Manager pursuant to the above, utilizing funds reallocated from the LAPD (if any remain) since the services provided by the EMD benefit disadvantaged communities [*potential costs of not being prepared far outweigh the funds required*]
- Additional recommendations [*wide range of costs but all, especially the more expensive ones lead to better outcomes on multiple levels*]:
 - (a) require Council offices across the City to provide space for local emergency supplies;
 - (b) fund enhancement of the EMD website and digital outreach, as well as establish an effective knock-on-door plan for non-digital homes and for when the power grid fails in cases of emergency;
 - (c) provide funds and time to cross-train LAPD staff into EMD positions under the EMD chain-of-command;
 - (d) fund paid and trained neighborhood leads to coordinate volunteers across the City in the event of emergency; and
 - (e) institute a City-provided high-speed Internet citywide – enhancing equity in general and increasing the likelihood of the EMD reaching all stakeholders during a disaster.

Report

The EMD sees its primary functions as helping the City government and the people of Los Angeles survive emergency situations be they natural (earthquakes, wildfires, epidemics) or manmade (terrorism, civil unrest). This consists of planning responses *before* an emergency occurs in conjunction with other City departments and for the eventual recovery phase when the City returns to normal with a restored infrastructure and fiscal equilibrium.

Since the start of the pandemic the EMD has run the Emergency Operations Center, coordinating information, public health efforts, housing the unhoused, collecting and dispensing donations, supplies and other resources for agencies and stakeholders; and providing citywide situational awareness as it evolved for all departments and the Mayor's team.

The EMD's priorities are to maintain the Emergency Operations Center at full readiness, provide training and resources for Angelenos, and to coordinate resources for recovery.

FEMA's 2020 Natural Risk Index ranks Los Angeles County as having the highest risk in the nation for natural disasters. If the EMD had one person on staff for every 40,000 residents (as is recommended), there would be 100 people in the department. The department currently has 11 fulltime emergency managers.

Between regular retirements and those under the Separation Incentive Program, the EMD has lost much of its senior personnel including over half the emergency managers required to run the Emergency Operations Center. Due to the hiring freeze, promoting from within to fill critical management vacancies will create other vacancies in equally essential Emergency Coordinator positions; all are crucial to daily operations and the activation of the Emergency Operations Center.

Without enough people, the department has had to rely on bringing people in from other agencies to cover. However, the police and fire departments and related entities are also short-staffed and, with the current budget cuts, the EMD has neither the time nor the money to provide the extensive training needed. In a logistics-driven organization, training and exercises are essential for the team to mesh. Additionally, employees from other agencies are used to their own chains-of-command which further complicates matters.

In light of the past year's events, the EMD must remain a separate civilian department to avoid the perceived bias inherent with police or any uniformed personnel. In their day-to-day operations the LAPD and LAFD focus on specific tactical missions that do not address the foundational emergency planning, response and recovery priorities that the EMD provides for the City government and general populace including racial minorities and those who don't speak English as well as unhoused and undocumented Angelenos.

Since many of the procedures implemented in recent years depend on volunteers at the neighborhood level and there is always turnover, to maintain readiness there needs to be ongoing support for Ready Your Los Angeles Neighborhood (RYLAN) to coordinate efforts.

Support for RYLAN must include supporting the website; making it self-service to conserve costs while having a clear communications path to the fully trained and experienced leads within the EMD in the event of the next disaster to hit Los Angeles.

Additional emphasis needs to be placed on outreach to those who are not digitally connected or can't afford internet; how to contact and mobilize them quickly during various emergencies.

With their manpower, budgets and strong unions, LAPD and LAFD tend to receive an outsize share of the Mayor's and City Council's attention for funds and how to solve problems. While women and men in uniform may be rescuers for many, there are too many areas they can't cover and too many people whose fear of them complicates interactions.

The EMD must be deemed an essential department given its importance in maintaining lives, infrastructure and fiscal integrity in the face of the pandemic and any future emergency.

The EMD is currently, and plans to continue, working as best it can with the staff and resources that remain in the wake of hiring freezes, the Separation Incentive Program, retirements, furloughs, and budget cuts. While the City has dodged a bullet so far with no major events in the months following the pandemic, that will not last forever.

Summary

The EMD may not be considered a revenue-generating department, but if the City does not invest in it now, the costs to the City in unnecessary deaths and time to reactivate infrastructure will significantly imperil economic recovery.

The Budget Advocates believe that the EMD is vastly underfunded at a time when it is in the best interests of the City and its residents that it has sufficient manpower and resources to address any additional emergency that may befall Los Angeles. Which could happen tomorrow.

This is especially true of disadvantaged communities where residents are less likely to have savings and support systems to cushion the economic blows of any emergency. The services provided by the EMD are disproportionately more important for them, thus the recommendation to use a small portion of the \$150 million reallocated from the LAPD budget in early July 2020.

This will reduce the chance that the EMD will need to call on the LAPD at times when the police will also be challenged by any such event.

The EMD needs to be rebuilt to prepare for the unknown; to ensure the majority of Angelenos can survive for one to two weeks without City services when the 'Big One' hits, the power grid

crashes or the water system goes down, a wildfire whips through whole neighborhoods, or a 100-year flood (now almost 70 years overdue) devastates California.

Ever optimistic, Aram would be happy to make this a reality if he could return to a staff of 35. With a full staff, he could maintain training for City departments and Angelenos, and run the Emergency Operations Center 24/7 plus have sufficient funding to ramp up RYLAN, establish assistance centers, and solidify the EMD's ability to operate for years to come.

The Mayor and CAO need to appropriate adequate funds to run an emergency management department that will protect all Angelenos, and to give the EMD's General Manager the freedom to allocate resources within his own budget so the department can function properly and prepare the City for all eventualities.

While we must continue to hope for the best, the City MUST plan for the worst.

Report on the Bureau of Engineering

Attendees at a meeting on March 19, 2021

For the Bureau of Engineering: Deborah Weintraub (Chief Deputy City Engineer), Robert M. Kadomatsu (Chief Management Analyst)

For the Budget Advocates: Kay Hartman, Lee Blumenfeld

Budget Advocates' Recommendations

- Take a bigger role in identifying problems with the City's infrastructure through observation at construction sites [*whether from the General Fund or through the contracting agency, the cost for additional work up front would be off-set by long term savings from reducing emergency infrastructure repairs*]
- Work with other departments and bureaus, such as Urban Forestry, to fix deficiencies in the permitting system to make sure inspections of all work in the public right of way, including planting trees, have a Bureau of Engineering permit attached
- Be an advocate for policies in which Engineering is part of the solution delivery network. [*such as helping to solve the inequity that comes from the [Rebate Program](#) where property owners/residents pay for part of a sidewalk repair*]
- Create an ability on the Engineering [web page](#) to automatically notify contractors and other interested members of the public when the Bureau updates Standard Plans of Construction [*cost and time savings for contractors and City work forces*]
- Continue to push the technology envelope to decrease costs for the City
- Rather than accepting change orders that dip into the contingency, the Bureau can save the City money by making sure the amount coming from the contingency is equal to the cost if that piece was put to bid by itself. Multiple project analysis can uncover hidden expenses from change orders

Report

The Bureau of Engineering ("Bureau," "BOE," or "Engineering"), part of the Department of Public Works, focuses on the planning, design, and construction management of public buildings, infrastructure, and open spaces. Projects include municipal buildings, bridges, street and transit projects, stormwater and wastewater systems, development of parks, and the restoration of wetlands. Engineering also manages permits for construction in the public right-of-way.

Projects

The Bureau does not initiate projects. If another department has a project that requires the Bureau of Engineering's services and the Mayor and City Council prioritize it, the other department contracts with the Bureau for its services.

Conversations with the Bureau were redirected to other agencies. Two examples of this redirection are the Mayor's office is the lead agency for A Bridge Housing and Los Angeles Department of Sanitation (LASAN) is the lead agency for the sewers. Although Engineering is not the lead agency for these programs, they are participants in their implementation and should be able to discuss them with the Budget Advocates or anybody else.

For A Bridge Housing, the Bureau insists that they have become adept at shaving costs for the tiny homes, notwithstanding the first very expensive project (\$130,000 per unit). The Bureau says it is building units for less money now and the first tiny house community was small and the site was awkward. It should also be noted that BOE did inform the City of the site complications and attendant extra costs. This is an example of the Bureau taking an active advisory position to protect the City.

As far as the sewers go, the Bureau is not seeing an uptick in emergency sewer repairs so they are assuming the system is not deteriorating; this could also be explained by a lack of requests by LASAN for projects due to budget constraints. The Bureau would add more value to the City if it took a look beyond their contracted projects to see other problems. Funding for this additional work could come from the General Fund or the contracting agency. For this to work, BOE needs to be provided documentation of the currently known status so they can evaluate further deterioration, if it exists, and raise an alarm if needed.

The Bureau is in year 4 of a 30-year cycle sidewalk repair program initiated in response to the Willits Settlement. BOE stated that it would need additional partnerships with private residences, organizations, and businesses to supplement the cost of fixing the City's crumbling sidewalks; they are looking for the City's residents and businesses to help beyond their tax dollars, because the Bureau is underfunded compared with the need. This is an equity issue where well-to-do communities can have sidewalk repairs today and the less-affluent cannot. The Bureau indicated that policy discussions like those of equity need to be directed at policy makers. Because of the Willits Settlement, all sidewalk repairs are required to be ADA compliant. And this discussion is not to be taken as a request to increase taxes to cover additional sidewalk repair. A tax increase in the current economic climate would be ill-advised.

The Bureau does not necessarily get notified when trees are planted in the public right-of-way. Per Municipal Code, an applicant applies for a right-of-way tree installation through a BOE permit (typically an A permit that is for minor construction using Standard Plans) and a construction inspector reviews the installation. Urban Forestry, part of StreetsLA, also issues tree planting permits and inspects the tree's fit and health within a neighborhood, but does not necessarily refer the project to Engineering. Without an Engineering permit, no overview of other construction issues, such as making sure the tree won't impact the sidewalk and street, is

triggered. The end result is that the Bureau, who is responsible for all work in the public right-of-way, does not know about work in its jurisdiction and no proper inspection is triggered.

One area where the Bureau is actively participating in policy is the sustainability and resiliency score card, whose development is scheduled to begin this year. The Mayor's office is the lead. The Bureau has staff that attends meetings that discuss the parts that affect Engineering.

Each Engineering project has a money contingency. Changes to a project are managed through change orders. Changes whose costs are not able to be absorbed, draw from the contingency. When the contingency is exhausted, the project manager must go to the City Council or the Board of Public Works to ask for additional funds or work with the client agency to reduce scope. Projects are not permitted to go over budget. The Project Managers are responsible for tracking their own projects. Higher level managers compare projects and find errors and omissions. Contingency planning is essential to good project management and the Bureau uses it to good effect. Project costs may be improved by reviewing change orders after the fact and making sure that they are not approved at inflated prices just because there is enough contingency to cover them and applying lessons learned to future projects. Project-to-project comparisons for like change-orders can aid this analysis.

An additional area of cost concern to the Bureau is supply availability. There is a supply side backlog for construction materials. The Bureau expected that with the Covid lockdown, the supply chain would ease and prices would decrease. They expected their bids would be lower for construction projects. This has not happened.

Another effect from Covid is trouble getting good workers on construction sites. It is unclear if this is from workers contracting the disease or the increase in construction projects in the City or other Covid-related reasons.

Staffing

Like other City departments and bureaus, Engineering lost experienced and valuable staff in the 2020/2021 Separation Incentive Program (SIP). Specifically, Engineering lost 12% of its senior, knowledgeable engineers for a total of 99. On top of that, the Bureau, like the rest of the City, is living with a hiring freeze. This is different from the Great Recession. In the Great Recession, there was a gradual reduction of budget because the City anticipated the revenue slowdown. The City prepared the departments. The Bureau worked hard to make sure there was enough capacity and they wouldn't have to lay people off. In today's case, the floor dropped out. The City was not in a Budget Crisis and then it was. Covid required the transition be made very quickly, nearly instantaneously.

To make up the difference, the Bureau is asking the remaining staff to do more. It is hoping that they will be able to hire more engineers with the Federal money that's coming in. There was a big gap last year, really the last 5 years, in being able to hire young engineers. The Bureau thinks there is a huge crop of new graduates with great skills that are out of work and that they will be available to hire once the hiring freeze is lifted.

The Bureau uses a rotation model to train young engineers so they get broad experience before they choose their preferred area of interest. Rotation has been on hold for a year due to Covid. The Bureau plans to restart it soon. It takes two to three years for a fresh graduate to learn enough to become effective. This is especially concerning since the SIP retirees are no longer available to share their knowledge.

The Bureau plans for 75% of their peak need and uses consultants for the rest. They plan to continue using consultants to close the personnel gap on any projects prioritized by the Mayor and City Council.

Revenue

The Bureau is funded through fees and the General Fund. There are many different fees and many of those are full cost recovery. Based on the current economy, the Bureau thinks this is the wrong time to add or raise fees.

Technology

The Bureau's web page lacks the ability for the public to be automatically notified when they update Standard Plans of Construction. An opt-in feature on the web page would greatly benefit private-sector contractors in remaining current with the evolving standards.

The Bureau expressed during last year's discussion that they planned to move to the Microsoft Azure cloud within the year. The migration to the cloud is still in progress. They expect this to save money once it is completed.

Last year the Bureau also described their experiments with 3D goggles. They still have a single set of goggles and are interested in expanding the program.

The Budget Advocates and the Bureau also discussed 3D printing last year. The idea was to test their designs with 3D printing, saving significant money. The Bureau has the printer and is experimenting with it.

Conclusion

Like other City departments and bureaus, Engineering has absorbed budget cuts and the SIP, resulting in the departure of 99 engineers and support staff. A lot of experience and seniority walked out the door. Rebuilding will be a challenge when the budget is restored.

The Bureau is at the forefront of technology in designing and supervising the many diverse projects proposed by City departments. Its progress this year was slower than anticipated and this can be expected given the turbulence of the time.

While the Bureau has good control over its practices and commits what it can deliver and delivers what it commits, it would be great if the Bureau could contribute more. They see so much while delivering their charge. The City would benefit if the Bureau looked at what was before it at construction sites and reported to the City on what needs improvement.

Report on the Ethics Commission

Attendees at a meeting on January 28, 2021

For the Ethics Commission: David Tristan (Executive Director), Heather Holt (Deputy Executive Director)

For the Budget Advocates: Liz Amsden and Carol Newman

Budget Advocates' Recommendations

- Immediately fund two full-time positions to replace those lost to the Separation Incentive Program, and one on a temporary basis for a replacement auditor, until the one on disability returns, to allow the Commission to effectively fulfill its obligations [*should pay for themselves in terms of increased revenue collection*]
- Work with the Ethics Commission to speedily clarify and expand the ordinance on developer contributions to ensure it is fair, effective and evenly applied [*part of its standard mandate*]
- Take all steps necessary to remove the Ethics Commission from perceived or potential pressure from the Mayor and City Council by establishing arms-length funding for full operation of the oversight and enforcement of ethics regulations [*should have no or limited fiscal impact*]
- Increase fines to the maximum allowable on the offender (and anyone in a department who is personally complicit in any delay or cover-up) to deter future violations [*potential income*]
- Continue to make the institutional changes needed to mandate all departments report malfeasance to the Ethics Commission upon discovery so it can ensure investigations are handled appropriately, and prosecutions and fines publicized to reduce/eliminate similar offenses [*potential savings from reduced wrongdoing*]

Report

The Ethics Commission's goals are transparency, integrity, impartiality and accountability. Their priorities include oversight of governmental ethics across the City and of the Matching Funds Trust Fund.

Its primary function is the supervision of campaign finance; education of contractors, government officials, City employees and Angelenos on ethics guidelines; and the administration and enforcement of ethics regulations and legislation on behalf of the public. Added to that has been fulfillment of the David Ryu-driven lobbying restrictions on developers passed in December of 2019 and that still need to be clarified and strengthened.

In December, Ethics lost its Director of Audits and one lobbying program manager – both essential positions with 50 years of experience between them – to the Separation Incentive Program and, under the existing hiring freeze, has been unable to replace them, limiting oversight of the collection of lobbying fees which brings in almost half a million dollars to the City, and audits that would have been caught up by 2022.

The Municipal Code requires funding for the developer database programmer mandated under the Ryu ordinance but this was first put on hold when the allocation was reduced to track the budgeted furloughs which were never enacted, and then rescinded by the City to fund positions in other departments. Ethics also requires a senior analyst to oversee this program. And it has no ability to replace an auditor who has been on long term disability for almost a year, further decimating their staff.

Furthermore, it needs more, not less, operating funds for this coming fiscal year as the City ramps up to the 2022 elections where three City-wide offices plus eight council seats will be up for grabs, a number without incumbents running which means a greater number of candidates and increased costs as well as a greater demand on the Matching Funds.

With the negative optics of cutting back on its oversight department, the Mayor had claimed the City would not balance its budget on the back of the Ethics Commission, but it is now getting calls for pools of existing budgeted but unspent money to prop up Los Angeles' teetering finances.

Ethics has been a fiscally conservative department, never operating in the red but, like a number of other well-managed departments, is now being penalized to reward those which are not as well managed. It is a small department, especially in regards to what it receives from the City's General Fund, and does not have the cushion of more positions and resources, or the people with cross-job experience needed to cover current commitments when critical positions are deleted.

In recent years Ethics has worked on having the City's contract with the LAUSD renegotiated to obtain full reimbursement of Ethics' services in connection with oversight of schoolboard elections – which netted the City \$350,000 in FY 19-20.

It has pushed to increase fines that serve as a deterrent for malfeasance as well as contributing to the General Fund. It has called for the publicizing of wrong-doing, not to embarrass the City but to serve as a warning to those who are considering felonious activities.

When cases involving criminal investigation are taken over by a prosecutor at the Federal, State or County level, Ethics has to wait on a criminal conviction before pursuing additional penalties on behalf of the City.

Given the City has borrowed against the Matching Funds Trust Fund, an amount that it is obligated to repay, perhaps it could use some of those monies to ensure the Ethics Commission can fulfill its obligations.

Ethics has a mandate under the Charter but is not receiving support or funding from the City. Especially in the wake of the current crop of corruption cases, it is essential for the City to adhere to its obligations to Angelenos. Money invested in the department can have significant financial benefits from addressing unethical behavior before it escalates to theft and lawsuits.

The Ethics Commission properly funded would be an asset for City as a beacon of transparency amid a sea of cronyism and backroom deals.

Report on the Los Angeles Fire Department

Attendees at a meeting on February 3, 2021

For the Los Angeles Fire Department: Fred Mathis (Chief Deputy, Administrative Operations),
Emilio Rodriguez (Sr. Management Analyst, Budget Management)

For the Budget Advocates: Liz Amsden

Recommendations

- Fund three recruit trainings for this coming year [*not having these cohorts available could cost the City dearly*]
- Fund a health officer position for the City [*potential savings from efficiency in addressing health-related issues*]
- Fund needed protective gear, EMS equipment, firefighting material that wears out [*not having could cost firefighters their lives*]
- Fund further expansion and implementation of risk management training [*savings from this type of investment is proving to exceed costs*]
- Fund technology and hardware necessary for data tracking and expanded telecommuting [*improved efficiencies will lower costs over time*]
- Increase funding for homelessness-related services [*function of the pandemic as incomes fall and addressing unhoused issues become more complicated*]
- Require the Fire Department to reassess its reliance on overtime [*potentially reduce hours paid at premium rates, increase quality of life and avoid mistakes/accidents incurred by overwork*]

Report

Prevention, Preparedness, Response, Recovery is the mission of the Los Angeles Fire Department (LAFD).

Due to the scope of this mission, long term obligations and their mutual covenants with other fire departments in California, the LAFD budget is a complex, ever-evolving document.

The department's need to increase its budget to cover actual spending is currently in conflict with the City's requirement to cut the overall number by 3% and contractual spending by 10%. City Hall further requested it pare its twenty essential asks to ten and then to five, diverging from the Mayor's assertion that, as an essential service, the LAFD would not face the same cuts as other City departments.

In a jurisdiction known for its wildfires and numerous other potential disasters that could call on LAFD resources, by last fall the Mayor appears to have reneged on his earlier promise that he would not cut LAFD budget for 2020-21, and asked it for the same 3% haircut as other City departments.

The pandemic added some additional requirements and risks to LAFD operations. We, as a City, survived but the department still has to cover some of the costs incurred. Funding has not kept up with real costs and the pandemic is both a challenge and an opportunity for changes for the future.

Staffing

As well as the need to replace people taking normal retirement, the LAFD is facing civilian staffing losses from the Separation Incentive Program and not being able to backfill positions due to the hiring freeze.

However, even with the budget cuts, the City will not see a decrease in services or increase in response time, but the department will have a shrinking number of bodies to fill seats when the trucks and ambulances are called out. Without replacements, this means firefighters and paramedics have to work more overtime, at a higher cost per hour, and higher risk since overworked people are more likely to make mistakes.

And while the department feels that it is more fiscally responsible to maintain high levels of overtime to offset the costs of training and outfitting more fire personnel and paramedics, it behooves the City to assess the impact on quality of life – for the men and women of the LAFD and for those that they serve – to ensure everyone is functioning at the needed 110%.

To train, equip and maintain more staff may cost more but isn't it worth more? In addition, at this point the department is facing a dramatic spike in retirements by 2024, and the time to start training replacements is now. Three recruit trainings are necessary just to preserve the status quo.

Equipment

The rank and file are dedicated professionals who will work with the City to protect all Angelenos but they, in turn, need to be protected.

To keep firefighters safe requires mission-specific equipment that does not come cheap. The LAFD Foundation helps and other non-profit benefactors supplement the City's funds to ensure those protecting have the necessary boots, gloves and technical gear to survive the dangers they face.

Some types of equipment have finite lifespans and are mandated to be replaced every five or ten years. One major investment is for the replacement of 2,000 sets of self-contained breathing apparatus. The LAFD is pursuing grants, but the City must make the commitment to

backstop the cost of \$36 million spread over three years since the current manufacturer is retiring from the business.

On the technology side, the department needs to continue to build out its FireStatLA app, not only for the transparency it provides Angelenos, but even more so to help the LAFD increase efficiency and improve performance management. As in every area, it is losing critical people; funding is also needed for IT infrastructure and hardware for more robust data tracking and to further expand telecommuting options.

Numbers

The LAFD responds to 1,500 calls a day out of 106 stations across Los Angeles.

A significant portion of their mission involves homeless Angelenos; Fire Station 9 on Skid Row is the busiest in nation with health issues, sober units, homeless-related fires, and now mobile testing. Budget cuts to the HOPE teams (Homeless Outreach Proactive Engagement), an operation of the LAPD, LASAN and LAHSA, has impacted the LAFD's workload.

With the pandemic, the department has been front and center with testing and vaccine administration. And the LAFD has lost some of its own.

Mutual aid contracts with fire departments covering other jurisdictions guarantees Los Angeles will have additional help in major emergencies, but when the LAFD provides services outside the City it can create a cash flow issue with reimbursements at federally-approved rates carrying millions of dollars over to next fiscal year.

Current staffing of 3,831, sworn and civilian, is responsible for 95% of the LAFD's total budget. Overtime accounts for about a third of salaries.

Fires and emergency triage does not come cheap, especially during the pandemic when demand for services rise and Angelenos' ability to pay drops.

Federal and State government grants have helped, and there continues to be an expansion of public-private financing with hospitals and charitable organizations to reduce cost and improve outcomes. These include the successful Advanced Provider Response Unit (APRU) program as well as access to life-saving apparatus not covered in the LAFD budget.

Planning and future innovation

The metrics show how investment in the LAFD will save the City money. New technology which reduces errors has improved efficiency, and the drone program for brush fires helps expedite knock downs, saving lives and structures.

Although it was technically the County's responsibility to test and vaccinate all its residents during the pandemic, the LAFD was able to ramp up and make it happen in the City. This made

the department realize the importance of a City health officer, a position it recommends fall under the LAFD given its current medical mission.

Not only would this position be important for any future pandemic, they would be key in addressing disease outbreaks and bioterrorism, and relating with counterparts at the County, State and Federal levels.

As investments have been made in improved driver training, the costs in connection with lawsuits, mostly related to traffic accidents, have dropped and should be continued.

A Mayor's Innovation Grant for an injury prevention unit instead of relying on Workers' Comp allows for a more immediate response with a van going to the stations to treat on the spot so fire personnel are less likely to aggravate an injury. This program should be made permanent.

Report on the Housing + Community Investment Department

Attendees at a meeting on March 31, 2021

For the Housing + Community Investment Department: Brittany Batong (Housing Development Operations Manager), Rosa Benavides (Director of Administrative Services), Tricia Keane (Executive Officer)

For the Budget Advocates: Barbara Ringuette, Elias Garcia, Kay Hartman, Connie Acosta

Budget Advocates' Recommendations

- Hire for vacant positions funded by grants and that have no General Fund impact [*meet grant obligations, generate and preserve grant funds*]
- Fund the update of computer systems and create a database of all affordable units including those in density bonus buildings [*improve on efficiency; ensure public funds meet their intended purpose*]
- Study the proposed Vacancy Tax to determine if it helps increase units available for occupancy [*potential to increase housing supply, reduce rents, boost the economy*]
- Advocate with the State and Federal governments for additional funds such as tax credits and the Federal HOME program dedicated to ready-to-go affordable housing projects
- Implement recommendations in the Controller's HHH audit to reduce costs for affordable units [*potential to build more units with existing revenues*]

Report

The mission statement for the Housing + Community Investment Department (HCID) "is to promote livable and prosperous communities through the development and preservation of decent, safe, and affordable housing, neighborhood investment and social services". The Department's core goals are to create affordable housing, including supportive housing, and to end homelessness. Core programs also include investigating tenant and landlord complaints under the Rent Stabilization Ordinance (RSO) and rental housing inspections.

The HCID Bureaus are Administrative Services, Community Services and Development, Housing Development, and Regulatory Compliance and Code.

Covid

The Department has been very busy during the Covid emergency. HCID is responsible for deploying Covid relief funds such as those for emergency rental assistance. Through the Federal [Emergency Rental Assistance](#) Program (ERAS), it delivered \$2,000 emergency rent relief to 50,000 households in 6 months and that was before the Federal money arrived. The second round of emergency rent relief went to people who applied in the first round and qualified for

assistance, but received no payment because the money ran out before their payment could be processed.

HCID implemented the “Angeleno Card” in the current fiscal year to help residents facing financial hardship during the pandemic. 37,841 cards were issued providing \$700 to \$1500 per family for a total distribution of \$36.7M.

Rental housing inspections were halted at the beginning of the lockdown, because the inspectors could not enter occupied units. The Department found that there was a lot that could be done without entering the units so the work was redirected. Many inspectors also participated in the City’s [Disaster Service Worker](#) Program. One of the inspection programs is restarted using new safety protocols. The Department feels confident it will be able to get back on the regular inspection cycle soon.

Staffing

Like the other departments, HCID’s budget was cut by 3% which came to \$2.4M this year with another \$2.4M cut scheduled for next year. Also, like other departments, HCID lost people to retirement through the Separation Incentive Program (SIP), resulting in the loss of a lot of institutional knowledge. The Department started the fiscal year with 590 regular and 211 resolution authority positions (although not all staffed) and lost 54 people to the SIP. The SIP positions are permanently cut and will not be replaced when there is funding again. If the Department chooses to restore a SIP position, it is required to cut another position. It is a zero-sum game.

The fiscal year 2021 to 2022 budget requires holding 85 positions unfilled, about 14% of the allocated regular positions. The Department is hovering at an approximate 20% vacancy.

There is a City-wide hiring freeze. As unfrozen positions across the City open, employees are moving to them, increasing the personnel pressure and making it difficult to maintain stability.

There is a legal mandate as well as an agreement with the Federal Housing and Urban Development Department (HUD) around the [Accessible Housing Program](#) (AHP) so that program remains fully staffed.

The Department is doing everything it can to absorb the money and personnel cuts and not cut programs. HCID says it is doing everything it can do to keep the wheels on the bus. It has reduced staff and increased responsibility. It doesn’t know when it can fill positions. The staff is suffering burnout. This is not sustainable. The staff cuts mean that the Department may not be able to take advantage of some available grants, leaving money on the table. It also may not be able to meet grant obligations which would mean it couldn’t continue to use already granted funds.

HCID receives 85% of its funding from fees and grants. Its impact on the General Fund is small so HCID staff cuts don’t have as much General Fund impact as cuts made in some other

departments. Such cuts impact the Department's ability to carry out its mission without helping the City survive the current budget crisis.

The City and HCID should maximize both Federal and State resources and ensure no available funds are lost.

The Department says it is working with the Personnel Department to streamline its hiring process. It will be ready to hire when the hiring freeze is lifted.

Looking forward, the Department will prioritize filling the grant-funded positions to lessen its dependence on the General Fund.

Housing

HCID is on track to deliver 2,140 Measure HHH-financed affordable housing units by the end of fiscal year 2021-2022 and has more than 7,600 units in the pipeline.

Housing development is typically funded through Bonds, conventional loans, State funds, the Affordable Housing Linkage Fee, County funds, Acquisition and Predevelopment funds, Measure HHH, Tax credits, and Federal funds. The Affordable Housing Linkage Fee was created to help fund affordable housing and phased in beginning in June 2018. This year's receipts from the fee are \$18M.

The Bureau of Housing Development's primary focus is HHH (the \$1.2B supportive housing bond measure). Supportive housing projects are primarily funded through HHH bonds. The dedication of resources to HHH has the result that was intended. The City will deliver units earlier than originally planned at a cost to the City of less than \$150,000 per unit notwithstanding the City Controller's [audit](#) of HHH spending. HHH is a down payment on the homelessness crisis. HCID has a [dashboard](#) where anybody can track the HHH progress.

HCID collects more than 500 data metrics to validate the effectiveness of its programs. One aspect of housing whose data collection is not verified as of this writing is the tracking of affordable units in density bonus developments. The City must have a reliable system for these private, covenanted units. These need to be tracked to ensure the units are rented only to those who are eligible and continue to be rented to eligible tenants through the end of the covenant. This focus is in addition to tracking RSO units.

The Housing Development Bureau also delivers affordable housing through the [Affordable Housing Managed Pipeline](#) (AHMP) Program. It is preparing to execute another round of funding with tax credits. It issues a notice of funding availability and then the developers bid. There is high demand for tax exempt bonds that in past years were not competitive. They are competitive now. The AHMP program provides units towards HHH's committed goal of 10,000 units. This is not what the voters had in mind when they passed HHH. These units would have been built anyway.

Developers of affordable housing use various funding sources to build their projects. HHH funding is leveraged with other funding sources. Once the project is built, it must be maintained

and it is vouchers that pay for the maintenance. It doesn't help to create a situation where the building doesn't stay in the black. The voucher provides a subsidy to keep the project viable. Project vouchers are different than personal vouchers. A project voucher goes with the unit and not the person (as opposed to a Section 8 voucher).

There are more projects than there are tax credits and more projects than project-based vouchers. The Department can build projects without State vouchers, but it can't fill the units, because building owners cannot afford to maintain them. An affordable project is not built until the vouchers for its maintenance are secured.

The Federal government has several programs administered by HUD to assist with housing. One of these is [HOME](#). The HOME program assists local governments in the creation and retention of affordable housing. It supports efforts, but not staffing. Another program is the [Community Development Block Grant](#) (CDBG) that provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income residents.

The ACHP is funded through the General Fund. Properties built with City financing are subject to Federal accessibility regulations and the Court has ruled that the City must comply with applicable accessibility standards under the Fair Housing Act (FHA), Americans with Disabilities Act (ADA), Uniform Federal Accessibility Standards (UFAS), and HUD requirements.

The much-discussed Vacancy Tax is a possible source of funding that requires additional analysis. There is conflicting literature on the subject. The concern is that housing held for investment purposes limits the housing supply. Releasing those units for occupancy would increase the housing supply and have the potential to reduce rents. Further, occupants of units could boost the local economy as they spend money. On the other hand, the definition of "vacant" is not always obvious. For example, is someone allowed to have a vacation home in Los Angeles that is empty most of the year?

The Department is anticipating that some of the new Federal relief money could be applied to housing needs. It is not yet known what requirements may be attached to those funds.

Technology

HCID is looking to upgrade its computer systems to bring its technology up-to-date and improve efficiency. The systems are always more expensive than assumed and they take time to develop. The Department is working to identify the best path forward to create a new housing information system that would be inclusive of all affordable housing in the City.

Conclusion

HCID is in the middle of the biggest problem facing the City, homelessness. Los Angeles is an expensive city in which to reside. Keeping a roof over the heads of those who have one and finding a roof for those that don't is a tremendous challenge. Los Angeles, and California for

that matter, has many competing and excellent ideas for its revenues. None can be more important than housing its residents.

Report on the Information Technology Agency

Attendees at a meeting on March 2, 2021

For the Information Technology Agency: Ted Ross (General Manager), Tita Zara (Director of Finance and Administration), Donna Arrechea (3-1-1 Director)

For the Budget Advocates: Dentis Fowlkes and Liz Amsden

Budget Advocates' Recommendations:

- Invest in a citywide procurement system [*initial cost leading to long term savings from efficiencies*]
- Build out and maintain telework platform for all teleworkers [*initial cost leading to long term savings from efficiencies*]
- Complete the LAFD Radio Site Improvements and Microwave Link Bypass [*safety outweighs cost*]
- Replace the Citywide Fiber Optic Network over a period of several years [*impact of potential failure exceeds investment costs*]
- Replace obsolete network equipment [*NOT doing so will result in unexpected downtime and time lost costs*]
- Replace the majority of existing City landlines with cell phones [*potentially significant savings*]

Report

A year ago the Information Technology Agency (ITA) was frenetic. With the pandemic looming in February, it anticipated the need for the City to go remote but needed to scale up its VPN infrastructure from serving a few hundred to serving thousands of end users to do so. Through an existing vendor, it was able to expand the ability to work remotely to over 18 thousand City employees by March 19 when safer-at-home and shelter-in-place mandates came into effect.

There has been a significant learning curve with working remotely and there could be substantial cost savings if the City chooses to fully or partially continue the practice for some positions, depending on the needs of the departments once restrictions are lifted.

Savings would include co-location of office space, and replacing most desk phones with cell phones that would reach out and touch the worker, not the location.

Echoing several other departments, ITA sees the disruption of the pandemic as an opportunity to pursue much-needed big picture changes.

Challenges

There has been a plethora of complaints about the ITA being out of date, but their position (in some cases witnessed by Budget Advocates) is that the funds they need are sometimes diverted to other departments without understanding how that affects other obligations.

On the other hand, sometimes it is easier for other departments, such as the LAFD, to obtain funds for a specific project and have the ITA implement it within its system.

The ITA provides all technology services for half of the City's 43 departments. The others have their own IT groups but still use some aspects of ITA including relying on their network for linking and communications. The LAPD, while physically segmented behind a firewall still relies on the ITA's network. Even the proprietary departments that have their own IT divisions, tag onto some of these networks.

Priorities at the moment are:

- Completing the LAFD radio site improvements that have been in the work for years
- Replacing the close to end-of-service City's fiber optic network that contains elements that are no longer supported
- Replacing the City's network infrastructure, over half of which is past end-of-service
- Improving cybersecurity throughout the city government's infrastructure including all the new telecommuters
- Maintaining and patching the existing equipment, 55-60% of which are end-of-life, while failing equipment is replaced
- Expanding the platform for all teleworkers

All these cost money but the cost of these systems failing would be exponentially greater.

Staffing

As is common across the City departments, ITA has lost key people to retirement and the SIP, and also to the LADWP. The department has shrunk from over 800 positions in 2008 to just over 350 today while the demand for technical expertise has only increased, partially due to the amount of old equipment in the City as well as pandemic-driven telecommuting. The ITA believes telework will continue in whole or in part once the Covid-19 restrictions are lifted.

With a vacancy rate exceeding 20%, critical positions need to be backfilled immediately for obligations running from repairing LAPD, LAFD and public safety radios and systems to cybersecurity for teleworkers.

The ITA has been working with the Personnel Department to rewrite job descriptions that have made it difficult to attract needed employees, and address other limitations within the decades-old Civil Service recruitment procedures. Even with these changes and using Anytime Anywhere testing, finding qualified people has been a slow process.

Digital Strategy

General Manager Ted Ross has embraced the pandemic as being a catalyst for improving the quality and availability of digital government services and to position the City to recover into a “new better” and not just a “new normal.”

The ITA is proud to have released a new Digital Strategy approach after working with other departments on analyzing almost 100 City services paused by the pandemic. It identifies 13 key technologies that, if implemented, would dramatically improve how residents and businesses digitally engage with the City government, and realize a vision of a digital and connected Los Angeles.

The 311 Call Center

The 3-1-1 non-emergency City line falls under the ITA umbrella and provides various options to connect to a wide variety of non-emergency City services and general City information.

It was the first group to work remotely; a successful trial run early last year paved the way for all other City departments. It is implementing a new call center management system that can change greetings on the fly as situations change and forward callers to updates without waiting for an agent.

MY311 is adding virtual agents to answer frequent questions using an improved voice recognition system in English and Spanish, and through Google-translate, Korean, Armenian, Japanese, Chinese, and Farsi.

Summary

If the City wants to continue with any digital functionality, it needs to start funding the ITA properly, both the needed upgrades and, especially until these come online, staffing and maintenance to keep the existing equipment operational. Systems at or close to end-of-life need more service, not less, and are more susceptible to chain failures.

The ITA is not the first department that the Budget Advocates met with that sees the pandemic as a catalyst for change and real improvement within the City structure.

Some options include eroding the siloization of departments and reducing duplication of services by consolidating certain services. This would involve a change of approach, always a challenge within any bureaucracy.

In the case of technology and the internet, the citywide network and maintenance should be under the purview of the ITA while individual departments can handle their mission-specific applications so long as they work with the ITA to ensure network feasibility and cybersecurity.

While the ITA will never be a revenue generator, it can and does provide ideas for using technology as a cost-cutter and to enhance quality of life. One suggestion is to explore better

use of street furniture – beyond advertising, these could be hot spots for the benefit of both tourists and Angelenos.

In support of the Mayor's Office and City Council's vision for regional procurement, the ITA hopes the City continues to invest in its Citywide Procurement System (Regional Procurement Portal) that would amalgamate and simplify procurement across departments, generating economies of scale.

The focus of the multi-departmental Digital Strategy has a core assumption: that everyone has equal access to the internet. But that is one area where the digital divide is evidence of great inequity.

With regards to citywide free broadband, the ITA pointed out that this would be expensive to build out given the City's 469 square miles. On the other hand, there is at least some support on the City Council, the LADWP already handles the City's fiber assets and could install with the ITA managing the system once activated.

This would be a huge plus for all Angelenos – for education, communication, safety – and would improve the City's competitiveness in attracting tech-driven businesses and their executives.

Report on the Los Angeles Public Library

Attendees at a meeting on February 8, 2021

For the Los Angeles Public Library: John Szabo (City Librarian), Madeleine Rackley (Business Manager)

For the Budget Advocates: Liz Amsden and Kay Hartman

Budget Advocates' Recommendations

- The Mayor and City Council should:
 - (c) invest in citywide free broadband for all Angelenos, improving equity and taking some pressure off the libraries; and
 - (d) reimagine the City's civil service hiring process to address the needs of 2021.

- The Los Angeles Public Library should:
 - (a) continue to expand traditional services and outreach, especially to disadvantaged and marginalized communities – seniors, immigrants, and those lacking educational advantages; and
 - (b) build out the Library Experience Office to ensure the safety and security of all patrons while maintaining inclusiveness and community engagement.

Report

Innovation and forward thinking has positioned the Los Angeles Public Library (LAPL) well in these challenging times. Measure L, passed overwhelmingly in 2011 to restore library services after the fiscal evisceration in the wake of the Great Recession, assures monies for the LAPL to fulfill and expand its mission to serve Angelenos.

While not impervious to the City's current economic crisis, the LAPL has the funds to fill positions and approve contracts allowing it to add to its collections, primarily e-resources – audiobooks, e-books, and downloadable films. At \$4 per capita Los Angeles is still spending less on materials than many other cities.

During the pandemic, meeting rooms have been repurposed for their Library-to-Go pickup service and there have been over seven million downloads of e-resources. Over 400,000 ballots were returned through the boxes outside the LAPL's 73 branches during the past election.

For many years, the LAPL has been a focal point for the unhoused in Los Angeles – those who sleep in cars, under the freeways, camp on our streets or couch-surf.

The Source, a program which offered homeless Angelenos and some eligible low-income residents one-stop shopping for resources and services by bringing together 12-15 agencies, has been on hold.

While the library does a lot of outreach to these communities, they also have to meet the needs of their more traditional patrons which, in recent years, has meant a police presence at many branches.

This year, the LAPL has proposed an innovative approach to create a bridge between social services, customer experience and conventional security through the Library Experience Office which will fold together people with security and social services training to interact with needy and mentally-ill clients while reducing (but not eliminating) the need for the LAPD.

Patrons, young and old, benefit from more traditional programs aimed at research support, improving literacy, GED training, math skills, tenant rights and a myriad of other services. Much of the assistance offered through their New American Initiative – immigrant rights, help with visa renewals, ESL and citizenship classes – are being provided by phone or online during the pandemic.

More and more, we live in a digital age and there is a compelling need to bring the City's ITA into the twenty-first century in regards to hardware, software and interconnectedness between departments and Angelenos.

As with other City departments, the LAPL has a responsive internal IT team but faces challenges due to the City's ITA lacking the funds to keep ahead of the technologies curve. Furthermore, the lack of broadband among many of the City's most underserved constituents has become an existential issue given that technological literacy today is a necessity for learning and success.

Los Angeles should invest in citywide free broadband; it's a human right, a necessity to increase full equity to all Angelenos in this digital age. It is the precursor of success and safety and should not be monetized any more than the air we breathe.

Summary

In 2011, over 63% of the voters approved Measure L in response to draconian cuts imposed in the wake of the Great Recession, which led to a 30% reduction in library staff, slashing of hours of operation, and painful cuts to the services the LAPL provides Angelenos.

This mandated a fixed amount (0.03%) of assessed property value in the City go to the Library to maintain its primary mission of free and easy access to information, ideas, books and technology that enrich, educate and empower every individual in our city's diverse communities. Most of us recognize that our libraries are community centers providing services far beyond this mission across the City, especially in its support for financially and educationally disadvantaged Angelenos.

Because of Measure L, the LAPL budget has not suffered as significant an impact as most other departments this past year – during a time that, like the years after 2009, Angelenos need for their services dramatically increased.

This funding is allowing it to increase collections, especially e-resources, and expand outreach with regard to those living in disadvantaged circumstances, especially the unhoused.

A major concern facing the LAPL is hiring, specifically the Civil Service procedures which fall under the jurisdiction of the Personnel Department, and is an issue shared with many other departments.

While the LAPL is satisfied with how the Targeted Local Hire program has encouraged diversity and equality, it expressed concern that it is limited to too few classifications.

Furthermore, filling many other positions has become a major challenge due to the complexity, length of process and because it seems designed to deter qualified applicants by not selling the City or the job.

Report on the Office of Finance

Attendees at a meeting on March 17, 2021

For the Office of Finance: Diana Mangioglou (Director of Finance/City Treasurer)

For the Budget Advocates: Brian Allen

Budget Advocates' Recommendations

- Return all loaned employees to the department as soon as possible [*potential savings, improved department efficiency*]
- Assess and evaluate options to improve the monitoring and collection of cannabis revenues [*possibility of increased income*]
- Review, consolidate and, where appropriate, repurpose Special Funds [*more efficient use of existing financial assets*]
- Develop a plan to monitor and address delinquency in collection of receivables [*improve City income*]

Report

The Office of Finance is tasked with the assessment and collection of fees and taxes as well as auditing each licensed business within the City. Along with collections, the Office of Finance maintains the status of all funds, including Special Funds and those approved by ballot measures such as HHH.

Overall, there has been a considerable improvement in the management of the Office of Finance with the new leadership. It is difficult enough to engage a new position but doubly difficult when the City is in the middle of a pandemic. The Office is operating under excessive pressure, trying to execute its tasks with insufficient staff. The recommendations, if implemented, could relieve some of that pressure and allow for continued operational improvement.

Currently the Office of Finance has a considerable number of its employees on loan to other City operations because of the financial crisis caused by the pandemic. While sharing employees may be beneficial for many City departments, sharing Office of Finance employees during a financial crisis only contributes to the crisis.

The Office of Finance should not be crippled in pursuit of its ability to provide the one resource the City needs most, revenue. Furthermore, the lack of attention to the collection of revenue may cost more than the expected savings in labor by sharing employees with other departments. While this is not generally true with most departments it is most true with the Office of Finance.

Because the Cannabis industry is growing and doubling, considerable effort should be given to reviewing and evaluating current procedures and personnel to provide the most efficient methods of identifying, monitoring and collecting revenue due the City.

As stated in years past, reviewing the Special Funds to determine which continue to be needed should be a priority for the Office. If any are not needed, then it's necessary to decide how Special Funds may be consolidated or used in the future. For example: could funds be transferred to reserves and/or repurposed to other critical needs. It is necessary to move forward with a comprehensive policy addressing Special Funds.

Collecting receivables from fees and taxes due to the City is a problem and has been for years. The Office should develop a plan to provide a consistent and efficient method to stay on top of delinquencies. Such new procedures would enhance the ability to stay in touch, in a timely manner, with businesses that have not paid assessed taxes as well as being able to establish the taxes are correct in the first place.

Operations

The Office of Finance is authorized 364 personnel but is currently working with a total of 273 employees. While being short of full staffing by 25%, the expectation remains that finance operations will function effectively. The full extent of impacts due to the labor shortage cannot as yet be evaluated.

With twelve billion dollars to maintain as well as distribute when necessary, the City depends on the Office of Finance to function efficiently. To be efficient, there must be adequate personnel. Maintaining the treasury is difficult enough without a pandemic. Currently, along with challenges presented by the pandemic, the Office of Finance is transitioning from Wells Fargo Bank to JP Morgan.

Cross-training of employees would ease the impact of losing personnel with institutional knowledge, the loss of which has been exacerbated by the Separation Incentive Program.

Over the last few years basic operations have not changed much, although there are continued efforts to improve software and procedures. The Office needs to continue improving system infrastructure such as moving finance data to the cloud and ensuring the security of data.

Considering that many City departments rely on the Office of Finance to do their collections, understaffing the Office of Finance could be thought of as an act of suicide and certainly does not support the operation of the City well.

Conclusion

With new leadership come new challenges. Changes now underway, such as banking relationships, systems improvements, employee training, and addressing issues of receivables management, certainly pose additional challenges.

Given the City's elected officials understand just how important the successful execution of the responsibilities and duties of the Office of Finance are, better support can be provided to the Office of Finance through thoughtful evaluation of operational directions given them. Such action would benefit the entire city will benefit by improving the City's overall financial condition.

While all investments the City makes are managed by the Office of Finance, better handling of receivables and addressing special fund concerns may provide additional value.

Report on the Personnel Department

Attendees at a meeting on February 23, 2021

For Personnel: Wendy Macy (General Manager), Paula Dayes (AGM), Michael de la Rosa (Chief of Administration Services)

For the Budget Advocates: Jay Handel and Liz Amsden

Budget Advocates' Recommendations

- Prioritize Personnel as a critical core service so it can be prepared when the hiring freeze is lifted [*reduces inefficiencies due to departments being short-staffed, especially in key areas*]
- Fund enough positions to enable ongoing testing and hiring [*expense in the short term will be vastly outweighed by the higher costs associated with delays and limited staffing once the hiring freeze is lifted such as occurred after 2009*]
- Continue expanding the Personnel Employee Records Keeping System (PERKS) in preparation for the transition to the improved Human Resource Planning (HRP) [*continuing investment; delay or abandonment will incur additional costs down the road*]
- Fund ITA to work on cybersecurity issues for Personnel, specifically protecting sensitive data City employees, sworn and civilian applicants and those in Police custody [*settlements for abuse of such information could run significantly more than the cost to protect*]
- Fund resources for, and to continue, contactless city services [*necessity for providing services during /in the wake of the pandemic*]
- Expand racial and gender equity within the parameters of required qualifications [*City mandated; additional resources necessary to support the needs of all departments*]
- Initiate Charter changes to bring the City's hiring process into the 21st century [*short term investment for needed modernization*]

Report

Even without the restrictions City departments face during this fiscal contraction, the hiring of personnel can be a mind-numbingly complicated and cumbersome process. And, too often, people who can manipulate the civil service system are hired at the expense of those who are better qualified.

The current hiring process does not say 'we want the best' and 'we want you to work for the City of Los Angeles' rather, it seems designed to turn qualified people away through bureaucratic delays and conflicts between job titles and descriptions.

The department is working on the last but it's a slow process. The 21st century job market is all about bringing in experienced professionals and management-level personnel rather than expecting everyone to start at the bottom.

If the department's goal *is* to make the City of Los Angeles the best employer in the nation, it is not only Personnel which needs to evolve, but the City itself.

Staffing

The hiring freeze, combined with retirements and the Separation Incentive Program, has disproportionately affected Personnel leading to the loss of a significant number of leadership positions and their institutional knowledge.

At this point they will be unable to hire even for normal LAPD attrition – a number that may increase given the constant criticism of the force as a whole in the wake of protests.

After the Great Recession, the cuts were so deep that Personnel wasn't able to ramp up to provide necessary support to the other departments when the fiscal situation improved. This is of special concern in today's rapidly changing work-world, where the concept of worker in an office has been replaced by work-from-home, and where speed and flexibility are of the essence.

Many citywide programs - workers' comp payments, EEO investigations, safety and medical services – are mandated, with penalties and interest potentially costing the City more than preserving staff to process the claims in a timely manner.

Furthermore Personnel, like every other department, needs to maintain its Emergency Preparedness protocols and positions for the next unforeseeable event.

Digital needs

While the transition to remote working proceeded satisfactorily, it underlined how much the City and its departments, including Personnel, rely on the ITA for equipment, digital infrastructure, training and resources.

The department is expanding its Personnel Employee Records Keeping System in preparation for the transition to the improved Human Resource Planning (HRP) approach. Taking PERKS citywide would increase efficiency.

Older records need to be digitized for security and to assist in the verification of employee work histories.

The ability for PERKS to be securely accessible by all departments is dependent on ITA's efforts to establish a centralized Active Directory. ITA is currently undertaking this effort as part of the HRP Workday initiative.

They are also working on maintaining stability while improving payroll management, and enhancing technology to protect sensitive data on employees, applicants and others.

Ancillary issues

The biggest complaint from most departments using Personnel's services is the inability to hire people quickly due to Civil Service mandates and lack of manpower within the department to process applicants.

This is a legacy of the drastic cuts in the wake of the Great Recession.

In response, Personnel has been developing better strategies to maintain availability of skilled employees while avoiding shortages or surpluses, including expanding digital personnel records that can be accessed by the CAO and Controller, and for payroll and related services.

The department has moved Anytime Anywhere testing to every couple of months, instead of every couple of years, and expanded testing from home. Until Civil Service requirements can be updated to serve the needs of today's workforce, Personnel is trying to interpret rules as broadly as possible including programs such Targeted Local Hire and Bridge to Jobs that provide alternate approaches to hiring as compared with the traditional Civil Service process.

Conclusion

The most important lesson the City needs to absorb is that they cannot allow a repeat of the post-2009 decimation of the department that has reverberated through the years.

Another is that no-one can turn the clock back a year; the workforce moving forward will be less tied to desks in City offices, with a far greater portion working remotely, full or part-time.

This requires staffing and planning now.

The City should also initiate an overhaul of the Civil Service procedures so they satisfy hiring needs for the future; unions are intended to protect their members but no protections can justify 1991 jobs if the world has moved on to 2021.

Furthermore, given how many departments complain about workers being poached by LADWP with offers of better pay and benefits, some sort of rapprochement must be achieved between various components of the City family.

Report on the Department of Recreation and Parks

Attendees at a meeting on February 3, 2021

For Recreation and Parks: Michael Shull

For the Budget Advocates: Jamie Tijerina

Recommendations

- Maintain unfilled position authorities [*no cost, possible revenue boost as this will allow a revenue-generating department to resume services as funds become available*]
- Increase the options for hiring part-time staff [*limited cost, keeps qualified employees available for when funding is authorized*]

Report

The Covid-19 pandemic that hit the world in 2020 impacted every department in the City of Los Angeles. The focus of this document is its effect on the Department of Recreation and Parks, and how we can ensure that the department is able to make a full recovery as the world slowly emerges from lockdowns and as COVID-19 becomes better controlled.

Pre-Pandemic

The Department of Recreation and Parks (RAP) is one of the few departments that generates revenue consistently through public benefit and provision of services to communities.

Prior to the pandemic, RAP's typical generated revenue was approximately \$60 million per year. Revenue sources included live events at city-owned venues such as the Greek Theater (netting approximately \$6 million per year after paying staff wages and other operational expenses, with gross revenue of \$35 million per year) and recreation fees, to name some sources.

During the Pandemic

Due to the required lockdowns to promote public health and safety, nearly all of RAP's usual operations pertaining to traditional events and programming were halted. This meant no more live events, no more team sports, and more. In 2020, RAP lost approximately \$50 million in revenues.

In 2021 thus far, RAP has lost \$20 million in revenues. One of the few organized recreational activities that it has been able to continue during the pandemic has been golf offerings since this can safely be done in a socially and physically distanced manner.

Despite the closing of some facilities, RAP has needed to continue maintenance operations of its parks and land. Even prior to the pandemic, the department faced challenges with staffing and coverage. But the pandemic has exacerbated these issues.

Even though RAP's more traditional offerings have not been able to continue normally during the pandemic, that doesn't mean that it has been inactive. On the contrary – RAP has sprung into action, shifting gears to play a large role in the emergency response to COVID-19 throughout the pandemic.

RAP has placed many of its recreational facilities into use as 24/7 homeless shelters, as alternative learning centers for K-12 students, and as after-school programming, as well as operating four different vaccination sites. The homeless sheltering has staff on hand around the clock and is providing food as well as shelter to those who need it.

CARES Act funds allowed the learning centers to provide students with breakfast, lunch, and free access to wi-fi so they can safely attend their remote learning. To promote safety of staff and the public, staff is tested weekly for COVID-19. Existing lifeguard staff received training in order to be deployed to do temperature checks on people accessing the facility and monitor safety.

Prior to the pandemic, many of the recreation facilities were in need of wi-fi access, but the urgent need for access for students using RAP's learning centers resulted in expedited installation that will enhance the abilities of recreation facilities to serve their communities in the long-term, long after this pandemic ends.

The March 2020 CARES Act provided the City of Los Angeles and RAP with the resources needed to be able to add wi-fi services to 60 different recreation centers citywide within the short span of only one month in order to accommodate the needs of our LA students. In the future, RAP hopes to be able to expand wi-fi coverage in order to promote safety for hikers and others who choose to access greenspaces in areas where cellular service may not be available, but who may find themselves in emergency situations.

What the Department Needs Now

Currently, the LA City Budget is stretched thin. Many departments, including RAP, realize that asking for funding is not necessarily going to yield results. But fortunately, what this department needs most right now to ensure the long term health of the department's operations is non-monetary.

The most important thing for RAP to be granted by our City leaders is maintaining position authorities. Because of the pandemic, RAP lost 162 employees. It has not been able to backfill these positions due to the hiring freeze. The department understands this.

However, expanding the ability for the department to hire part-time staff would be a benefit. It would keep more people employed in the present and allow the department to quickly transition these part-time staff members to full-time when the pandemic subsides and community needs increase.

As mentioned in the previous section, having enough maintenance staff has been a constant struggle since long before the beginning of the pandemic. But the struggle is even greater now

that it is down 162 staff members. A hundred of the lost employees were maintenance staffers in charge of park needs such as gardening and caretaking. Thirty-five of the positions lost were recreation positions. And 50% of executive positions in the department have been lost.

At this time, mass vaccination is proving to be a ray of hope that things will be able to open up once again within a reasonable time frame. As the pandemic slows down, this reopening will gradually result in a return to normal operations, and a return of the revenue streams that supported RAP funding its staffing needs. It will also result in increased demands for use of parks and facilities throughout LA, and it will be necessary to fill these positions once again.

If the department maintains position authorities, it will be able to fill the positions as it generates the funding needed to cover salaries, and it will be able to quickly bounce back to pre-pandemic service levels. However, if it does not have these position authorities, it could take at least ten years to rebuild.

Thankfully, maintaining position authorities is not a monetary ask. It requires no funding allocation from the limited City budget, and instead allows the department staff, management, and General Manager to continue to do the work that is required to serve the community now and well into the future.

Report on Sanitation, a Public Works Bureau

Attendees at a meeting on January 26, 2021

For Sanitation: Lisa Mowery (CFO)

For the Budget Advocates: Liz Amsden and Lee Blumenfeld

Budget Advocates' Recommendations:

- Within their budget parameters, give LASAN the ability to hire at their discretion [*no \$ impact*]
- Approve initiating an in-department sewer construction crew to expedite, offset and protect small project costs [*savings*]
- Approve a division-level manager position needed to submit projects to obtain the competitive proposals necessary to leverage County Measure W program funds [*potential savings*]
- Improve the Civil Service hiring processes, and use economic relief funding and Economic and Workplace Development programs to fill needed positions [*savings in overtime*]

Report

The priorities of the Los Angeles Bureau of Sanitation (LASAN) are to pick up the City's trash, keep the sewage in the sewers, operate its water facilities, and protect public health by keeping the City clean.

Manpower

The biggest problem facing LASAN today is hiring. It has over 500 vacancies, over 15% of their workforce including 66 driver vacancies; this is in addition to employees who are out sick or quarantined. More than \$18 million now goes to overtime simply to fulfill its primary mission. There's no saving in job cuts for LASAN – the work still has to be done and less can be accomplished on overtime hours.

Hiring more drivers reduces fatigue, improves safety and morale, and benefits customers who complain when their pickup is missed and when big trucks troll their streets after dark.

This is also an issue of liability for the City. When short-staffing requires people to pull overtime shifts, accidents happen. At \$5 million a pop for the average payout, that covers a lot of trash truck salaries.

This problem is further exacerbated by the hiring freeze and the difficulty to fill middle and senior management positions through the Personnel Department and is aggravated by the existing Civil Service procedures.

Hiring two leads for at least one in-house sewer construction crew will save the City money. Costs will be offset by savings from not having to develop bids, review change orders and provide oversight on simple projects and reduce the need to pay premiums when outside contractors are busy.

LA's Green New Deal calls for 100% recycling of wastewater and sourcing 70% of water locally by 2035, and diverting 100% of waste from landfills by 2050. And from the State comes a requirement – SB1383 – to remove organics from landfills to reduce methane emissions. These are heroic goals and, even with local partnerships and State and Federal funding, achieving them will be a challenge.

There are funds available for some of these projects – stormwater capture, improving water quality and reducing urban runoff pollution – through the Measure W (Safe Clean Water Program) monies our taxes subsidize. To access them, LASAN needs a division level manager position to prepare and submit projects to gain competitive proposals.

IT Challenges

Like most departments, LASAN has an effective in-house IT team but relies on the City's ITA for connectivity and operation.

Customer service has become a challenge during the pandemic with more people at home, and more calls.

LASAN needs to expand routing software to improve efficiency and make better-informed decisions to reduce wait times and optimize pickups and timing for land fill runs.

The Environment

The bureau's Clean-Up-Green-Up initiative for environmental justice went virtual this past year and is focusing on working with local communities, rewarding good behaviors and raising awareness of both businesses and the public. The first electric garbage trucks will roll out in areas that have suffered the most from environmental health issues. Transitioning to electric vehicles improves health, especially in vulnerable populations, and should be expedited.

Angelenos want to do the right thing by recycling but the loss of the ability to ship American trash across the Pacific has impacted the City's initial business model which moved many items out of the City's waste stream and generated some income.

It will take time to create North American-based businesses to transform the mountain of waste Americans produce, and to develop the local industries to use these products.

Solid waste, aka trash, has increased 11% by weight with Angelenos 'Sheltering in Place' during the pandemic which adds to labor and costs. Recycling centers shut down for a few months to figure out how to operate safely.

The mantra for protecting the environment is to reduce, reuse, recycle.

Goodwill, Craigslist and others find new homes for what people no longer need. It will take time for recycling to establish its place in competitive supply chains.

To encourage people to reduce, the City must make it much more painful to put out more trash and really incentivize Angelenos to create less garbage by doubling or trebling the cost of standard black pails while providing quarter-sized pails for significantly lower fees.

Finances

LASAN is primarily special-funded so, while protected from the worst effects of the economic downturn, it has been impacted by non-payment of bills, including business shutdowns and failures, while its operating costs have gone up.

Even with the cuts, LASAN is spending over \$40 million on homeless encampment cleanups. This money should be used to build units. Housing the homeless will cut the continuing fiscal and emotional costs associated with identifying health hazards to be removed and then bagging, tagging and storing the personal property for 90 days.

Across-the-board cuts ordered by the City are too prescriptive, imposing additional work and costs in parsing how to meet the requirements especially with regards to paperwork and accounting which provide no direct benefits to LASAN's customers.

Due to the demands of the pandemic (PPE, monitoring, reporting to County Health), LASAN postponed or reduced all non-core operations such as container replacement to focus on the needs of operating in Covid-world.

To cover those, it has put good projects on hold, curtailed bin replacement, and cut back on innovation. To achieve the Mayor's waste diversion goals, innovation is key. LASAN needs to be looking into MAGS (Micro Auto Gasification System), K-Briqs (low carbon production of bricks from demolition waste) and other solutions now, not in five years as these projects take a long time to bring on line.

With the end of the pandemic on the horizon, LASAN is revisiting its Capital Improvement plans that operate on a 10-year schedule with planning up to 50 years in advance. Replacement of 80 to 100-year-old sewers have been sent to bid, especially where there are grants to cover some of the costs.

Report on StreetsLA, a Public Works Bureau

Attendees at a meeting on January 26, 2021

For StreetsLA: Adel Hagekhalil (General Manager), Keith Mozee (COO), Stephanie Clements (CFO), Rose Karagezian (Financial Management), Farhad Mousavipour (Chief Technical Officer), Martin Schlageter (Director of External Relations), Melinda Gejer (Public Policy), Kevin Minne (Grants), and Kenneth Tang (Advance Planning)

For the Budget Advocates: Liz Amsden and Lee Blumenfeld

Budget Advocates' Recommendations to the City

- Allow General Managers discretion to allocate resources within their departments, including staffing needs and apportioning of funds [*potential savings*]
- Move expeditiously to overhaul the existing civil service system and revamp the City's hiring to exponentially speed the process up and encourage new hires at all levels so as to meet department requirements [*improved efficiency in hiring*]
- Fund the StreetsLA Asset Management System: computer technology to make the most efficient use of their resources, reduce paperwork and increase the return on investment and saving the City money [*initial cost to be returned by efficiencies*]
- Increase the moratorium on digging up newly paved streets from one year to five years, with stiffer penalties for violations [*savings, improved quality of life, some income*]
- Reinstigate the slurry seal restoration fee and extend it to 'Cool Streets' coating [*savings from extending the life of these coatings, disincentive for spurious street cutting*]
- Intelligently invest in the City's urban forest now – trees can't mature overnight – to benefit cooling needs, air quality and aesthetics [*initial cost for long term benefits across the City*]
- Badge inspectors so they can issue citations on the spot for illegal tree removal and cutting into streets = and make sure those fines have real teeth [*income source, reduction of misconduct*]
- Develop a way to fund a comprehensive stepped plan developed by StreetsLA to repair the City's streets, alleys and sidewalks.

Report

The Department sees its primary functions as enhancing quality of life for Angelenos and visitors by ensuring the City's streets are *safe, mobile and sustainable through innovation, integration and inclusion*. It expressed a desire to partner with other City departments to

produce maximum results and reduce siloization. This includes increasing efficiency and an emphasis on integrated solutions.

StreetsLA's current focus is on restructuring resources so it can provide maximum return for minimum amount of General Fund dollars including working with the City Attorney's office to target reducing liability claims by removing risks and enhancing safety. In the face of the City cutting its budget by 15%, the department has been able to continue many of the projects initiated when Adel took the reins by expanding solicitation of grant monies – \$200 million currently, another \$100 million in the pipeline.

StreetsLA has also been able to maintain staffing in some areas by providing services to the LADWP, Metro, etc. With the fiscal belt-tightening, much is on hold – hovering – but the department is determined to maintain its capacity to move forward as soon as there is money. When infrastructure funding arrives from the Federal government, it will be ready to deliver.

Paving can be reduced instead of eliminated to ensure liabilities don't increase and wipe out any savings. Slurrying can be reserved for the preservation of streets in good condition. Current ordinance allows utility companies, developers, and other City clients to dig into a newly paved street as soon as one year after it was paved. There is currently no moratorium or cost recapture for slurry sealed streets.

Streets LA is also piloting taking over resurfacing projects from DWP utility excavations to preserve the current construction workforce. To ensure the City achieves the highest quality streets when resurfaced, an outside agency Quality Assurance program should be restarted. One suggestion would be for Public Works Construction Inspectors from the Bureau of Contract Administration to have final sign-off on all StreetsLA projects, something they already do for most Los Angeles Capital Improvement Projects.

Cutting back frequency of street sweeping will optimize resources now, and allow more streets to be cleaned in the future with main thoroughfares receiving weekly attention but other streets being serviced bi-monthly or monthly as needed. StreetsLA seeks to further optimize the sweeping system through experience in adjustments made in the coming months, and future analytics and analysis.

CFO Stephanie Clements noted that a significant impediment to operation in many departments is the City's outdated hiring process. She has offered to work with the City on developing and implementing changes. This may require amending the City Charter (at the moment only 150 people out of the 50,000 employed by the City can be exempt employees in a job market that now demands flexibility above all).

The Budget Advocates have reported on the frustration and costs of the Civil Service hiring process across many departments including Personnel for many years with no perceived response. Any planning for recovery by the City in the wake of the pandemic and the current

fiscal crisis should include a revamp of City hiring procedures to make it flexible, efficient and effective.

In the meantime, StreetsLA and several other departments have suggested that the Targeted Local Hire Program could be utilized to cover existing staffing challenges.

Another area that creates problems for StreetsLA (along with many other departments) is Information Technology. There are a wide range of complaints and most are rooted in the perception that there is just enough upkeep and patching of end-of-life equipment to maintain some kind of status quo but not to build Los Angeles out into a 21st century city.

Perhaps driven by the ITA's own budget constraints, this does an extreme disservice to StreetsLA and other departments and all Angelenos, burdening the City, its growth and infrastructure, and its long term fiscal health.

Adel emphasized the need for flexibility – with hiring, with IT, and with department oversight. He has brought organization and transparency to the department; the City should trust him to do his job and, correspondingly, hold him accountable for the results.

Report on the Los Angeles City Council

For the City Council: Not available

For the Budget Advocates: Jack Humphreville

The major issue facing the City Council is Angelenos' lack of trust and confidence in their elected officials.

The pay-to-play corruption scandal has tarnished the reputation of the City Council. The City Council also has placed the interests of the public sector unions ahead of those of its constituents as evidenced by the approval in 2019 of the unsustainable labor agreements with the police and fire fighters, the Separation Incentive Program, and the failure to implement the furlough program outlined in the 2020-21 budget. There is also considerable controversy over decisions of the Planning and Land Use Management Committee that favor real estate developers and billboard operators. Angelenos are concerned that the City Council has not adopted strong campaign finance rules and regulations despite the corruption scandals.

Budget Advocates' Recommendations

- Implement campaign finance reform
- Enact the Budget Advocates' recommendations from the 2020 White Paper
- Prepare Budget Request Memo like every other department
- Disclose information on Discretionary Funds
- Detail "Related Costs" in Mayor's Proposed Budget.

Report

The City Council budget for 2020-21 was \$32 million. It increased to \$55 million when considering related costs such as pensions, benefits, and other allocated costs.

There are 108 positions, which includes 60 for the members of the City Council and their aides and 48 for the Chief Legislative Analyst. This number may need to be updated. Both the City Council and the CLA rely on "as needed" personnel. Total As-Needed salaries (\$14.1 million) are only slightly less than Salaries General (\$16.8 million).

The City Council should lead the way in rationalizing its staff. Each Council district has approximately 20 people listed in the phone directory, or about 300 in total. This seems excessive. Why so many?

The Chief Legislative Analyst and her staff are a valuable resource. They are the Council's institutional memory. They understand the City Charter and Administrative Code. They work

with the Councilmembers, their staffs, and their committees. More information on the staffing requirements over the next five years is necessary.

Recommendations from the 2020 White Paper as amended

Implementing the following recommendations from last year's White Paper will not require significant expenditures (other than benchmarking), but will provide increased transparency that will result in significant savings and greater financial integrity.

1. Any new labor agreements shall not result in deficits.
2. All labor negotiations shall be open and transparent to the extent permitted.
3. Eliminate the Structural Deficit.
4. Increase the City's reserves to 10% of its General Fund revenues.
5. Establish an Office of Transparency & Accountability to oversee the City's finances.
6. Establish a Pension Commission to analyze the City's underfunded pension plans.
7. Implement multiyear budgeting.
8. Develop a ten year plan for the City's infrastructure.
9. Benchmark the efficiency of the City's departments and operations.
10. Provide quarterly updates of the Four Year Budget Outlook.
11. Detail in depth the City's goals of the upcoming budget to the public by February 1.

Conclusion

The City Council's budget is a black box. Greater transparency is required.

More importantly, the City Council must work to improve its reputation and earn the trust and confidence of Angelenos. Again, greater transparency is required.

The Mayor's Office

For the Mayor's Office: Not available

For the Budget Advocates: Jack Humphreville

Budget Advocates' Recommendations

- Prepare a Budget Request Memo like every other department
- Develop realistic budget expenditures
- Include Supporting Data in Proposed Budget like every other department
- Reconcile number of positions with the telephone roster
- Detail "Other Allocations" budget item
- Enact the Budget Advocates' recommendations from the 2020 White Paper

Report

The Mayor's Expenditures contained in the 2020-21 Proposed Budget were \$8.5 million. However, the Estimated Expenditures for 2019-20 were \$30.6 million. The Actual Expenditures for 2018-19 were \$43.8 million. This implies that the Budget Expenditures are significantly understated. Why the significant difference?

The Total Direct Cost of Operations in the FY 2020-21 Proposed Budget was \$56 million, of which over \$47 million was allocated costs. Why the significant difference?

The budget allows for 94 positions, but the telephone roster has over 270 names. Why the difference?

Recommendations from the 2020 White Paper as amended

Implementing the following recommendations will not require significant expenditures (other than benchmarking), but will provide increased transparency that will result in significant savings and greater financial integrity.

1. Any new labor agreements shall not result in deficits.
2. All labor negotiations shall be open and transparent to the extent permitted.
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10. Provide quarterly updates of the Four Year Budget Outlook.
11. Detail in depth the City's goals of the upcoming budget to the public by February 1.