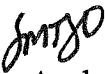


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

April 29, 2019

To: Honorable Members of the
Budget and Finance Committee

From: Sharon M. Tso 
Chief Legislative Analyst

Overview of the 2019-20 Proposed Budget

As requested by your Committee, we have prepared the attached overview of the 2019-20 Proposed Budget, as submitted by the Mayor on April 18, 2019.

If we can be of further assistance in this matter, please let us know.

SMT:KEK

Attachment: Overview of the 2019-20 Budget
As Submitted by the Mayor

OVERVIEW OF THE 2019-2020 BUDGET

AS SUBMITTED BY THE MAYOR



Presented to:
The Budget and Finance Committee

Prepared By:
Sharon M. Tso
Chief Legislative Analyst

Mayor's Budget Balancing

2018-19 Budgeted Revenue	\$6,190.60M
2019-20 Revenue Estimate	\$6,530.10M
Total Revenue Change	\$339.50M

2019-20 Expenditures to Maintain 2018-19 Service Levels

- **Obligatory Expenditure Changes (\$96.34M)**
 - 2018-19 Employee Compensation Adjustment (\$39.42M)
 - 2019-20 Employee Compensation Adjustment (\$42.11M)
 - Change in Number of Working Days (\$18.83M)
 - Salary Step and Turnover Effect (\$-7.45M)
 - Deletion of Funding for Resolution Authorities (\$-68.38M)
 - Full Funding for Partially Financed Positions (\$45.76M)
 - Human Resources Benefits (\$17.22M)
 - Tax and Revenue Anticipation Notes (\$93.18M)
 - Other Employee-Related Costs (\$3.87M)
 - Deletion of One-Time Expense Funding (\$-146.00M)
 - Restoration of One-Time Expense Reduction (\$23.01M)
 - Capital Finance Administration Fund and Other Debt (\$-0.14M)
 - Charter-Mandated Library Funding (\$13.00M)
 - Charter-Mandated Recreation and Parks Funding (\$16.98M)
 - Obligatory Increase to Arts and Cultural Facilities Services Trust Fund (\$0.34M)
 - Special Fund Reimbursements (\$8.80M)
 - Budget Stabilization Fund Appropriation (\$4.00M)
 - Other Obligatory Adjustments (\$-8.21M)

- **Continuation of Existing Services (\$161.70M)**
 - City Attorney - Body-Worn Video Camera Program Prosecutorial Support (\$1.48M)
 - Economic/Workforce Development - Day Laborer Services (\$1.21M)
 - Economic/Workforce Development - Economic Development and Job Creation (\$1.65M)
 - Economic/Workforce Development - Gang Injunction Settlement Implementation (\$1.13M)
 - Economic/Workforce Development - L.A Regional Initiative for Social Enterprise (\$2.00M)
 - Fire - 2016 SAFER Grant (\$4.54M)
 - Fire - 2017 SAFER Grant (\$1.59M)
 - Fire - Firefighter Academy (\$1.46M)
 - Fire - Firefighter Recruit Training (\$6.05M)
 - Fire - Incident Command Support (\$2.42M)
 - Fire - Probationary Field Training (\$1.20M)
 - General City Purposes - Gang Reduction and Youth Development Office (\$2.45M)
 - General City Purposes - Homeless Shelter Program (\$5.32)
 - General Services - Public Works Building Contractual Services (\$1.48M)
 - General Services - Restoration of Custodial Services Funding (\$2.39M)
 - Housing/Community Investment - Domestic Violence Shelter Operations (\$1.71M)
 - Housing/Community Investment - Family Source Center Program (\$5.30M)
 - Housing/Community Investment - Proposition HHH (\$1.19M)
 - Information Technology Agency - Police Phone Replacement (\$1.16M)
 - Information Technology Agency - Avionics Upgrades for Fire and Police (\$1.40M)
 - Personnel - Forensic Evidentiary Examination Reimbursement (\$2.40M)

Mayor's Budget Balancing

- Police - Associate Community Officer Program (\$1.00M)
- Police - Desktop Computer Replacement (\$2.04M)
- Police - Los Angeles Metropolitan Transportation Authority (\$62.32M)
- Police - Security Services Funding Adjustments (\$1.60M)
- Police - Sworn Hiring Plan / Sworn Attrition (\$1.60M)
- Police - Vehicle Replacements (\$8.28M)
- PW/Board - Graffiti Removal Prevailing Wage Allocation (\$1.80M)
- PW/Contract Administration - Office of Wage Standards Support (\$3.04M)
- PW/Contract Administration - Services to the Los Angeles World Airports (\$2.19M)
- PW/Engineering - Citywide B-Permit Case Management Group (\$1.11M)
- PW/Engineering - Pavement Preservation Program Support (\$1.16M)
- PW/Sanitation - Five Clean Streets Los Angeles (CSLA) Teams (\$8.47M)
- PW/Sanitation - Homeless Outreach Proactive Engagement (HOPE) Teams (\$5.46M)
- PW/Street Services - Dead Tree and Stump Removal (\$1.29M)
- PW/Street Services - Tree Trimming (\$3.30M)
- Transportation - Other Adjustments (Crossing Guards) (\$1.68M)
- Transportation - Pavement Preservation - Striping Support (\$6.55M)
- Other Continuation of Services (\$-0.72M)

Total Amount Available for New and Increased Services\$81.47M

- **2019-20 Increased Services (\$81.34M)**

- City Attorney – Litigation Expense Account (\$0.50M)
- City Clerk - City Election Support Services (\$4.16M)
- Fire - Cannabis Enforcement (\$1.07M)
- Fire – Fast Response Vehicle Expansion (\$1.09M)
- Fire - Workstation Upgrades (\$2.18M)
- General City Purposes - Census Operations and Outreach (\$1.50M)
- Panning - General Plan (\$0.68M)
- General Services - Fleet Maintenance and Warehouse Planning – Support (\$1.94M)
- General Services - Increased Custodian Services and Expense Funding (\$0.75M)
- General Services - Standardized Interface for City Systems (\$1.19M)
- Information Technology Agency - Human Resources Payroll Project (\$4.77M)
- Information Technology Agency - LAPD and LAFD Radio Infrastructure Repairs (\$2.50M)
- Information Technology Agency - LAPD Microwave Radio Network (\$0.71M)
- Police - Cannabis Enforcement Resources (\$10.00M)
- Police - Human Trafficking and Prostitution Detail (\$1.00M)
- Police - Memorandum of Understanding Nos. 24 and 25 Expenses (\$0.68M)
- Police - Sworn Overtime Resources (\$24.18M)
- Police- Accumulated Overtime Resources (\$1.70M)
- PW/Contract Administration - Enhanced Services to Los Angeles World Airports (\$1.00M)
- PW/Contract Administration - Enhanced Services to the Harbor Department (\$0.73M)
- PW/Sanitation - 10th HOPE Team (\$0.53M)
- Transportation - Traffic Officer Supervision and Support. (\$2.67M)
- Unappropriated Balance - Clean Streets LA/HOPE Expansion (\$6.47M)
- Other Increased Services (\$9.34M)

Mayor's Budget Balancing

- **New Services in the 2019-20 Proposed Budget (\$42.89M)**
 - Cannabis Regulation Special Fund – Equity Program (\$1.50M)
 - General City Purposes - Discovery Cube Los Angeles (\$0.90M)
 - General City Purposes - LACERS/LAFPP Audit (\$0.50M)
 - Planning - Home-Sharing Administrative and Enforcement (\$1.96M)
 - Police - Bridge Housing Security (\$3.46M)
 - Police - California Public Records Act Compliance (\$0.69M)
 - Police - Harbor Jail Reopening (\$1.91M)
 - Police - Palantir Contract and Servers (\$1.96M)
 - Police - Records Management System Resources (\$2.29M)
 - PW/Street Services - Citywide Sidewalk Vending Program (\$0.97M)
 - PW/Street Services - Westlake/MacArthur Park Community Market (\$0.81M)
 - Unappropriated Balance - Bank Transition Implementation (\$2.00M)
 - Unappropriated Balance - Civil and Human Rights Commission (\$0.50M)
 - Unappropriated Balance - Consolidated Municipal Elections (\$9.80M)
 - Unappropriated Balance - Fire Shelter Safety Devices (\$0.80M)
 - Unappropriated Balance - Police Department Sworn Overtime, Homelessness (\$5.00M)
 - Unappropriated Balance - Recreation and Parks Youth Sports Expansion (\$1.00M)
 - Other New Services (\$6.85M)

- **Efficiencies in the 2019-20 Proposed Budget (\$-42.76M)**
 - Expense Account Reductions (\$-9.25M)
 - Salary Reductions (\$-8.99M)
 - Net Capital Program Reductions (\$-11.92M)
 - Pavement Preservation Program Reduction (\$-12.50M)
 - Other Reductions (\$-0.10M)

NET SURPLUS/DEFICIT\$0

Significant Issues

2019-20 AND FUTURE YEARS

The Mayor's 2019-20 Proposed Budget builds upon the foundation that has been established since the Great Recession by increasing the City's reserves while funding areas of primary concern, such as public safety, homelessness, and infrastructure. The Proposed Budget largely continues funding important programs across City departments while providing enhanced and new services in areas of particular importance. Although the economy is growing, the Mayor's 2019-20 Proposed Budget reflects cautious optimism in that the City's reserves continue to be a priority. As the City's revenue steadily increases, the Mayor's 2019-20 Proposed Budget contributes to the Reserve Fund and the Budget Stabilization Fund, both of which are proposed to be at their highest level to date. In keeping with the collaborative approach that has been apparent over the last few fiscal years, the Mayor's Proposed Budget funds a variety of the Council's priorities, including cannabis administration and enforcement, support for the City's homeless population, investments in parks and community centers, increased funding for street improvements as well as increases to public safety staffing and overtime, technology, communications upgrades, and community facilities.

The Mayor's Proposed Budget projects that General Fund receipts will increase by \$340M from the 2018-19 revised revenue projections, largely driven by strong property tax receipts, as well as sales and business tax receipts. However, a significant portion of the increased funding has been allocated to compensation adjustments resulting from employee contract negotiations. In addition, there are several other labor contracts, including those with sworn bargaining units, set to expire in June 2019. The Mayor's 2019-20 Proposed Budget does not set aside funds for any salary changes resulting from new contracts agreed upon and executed in 2019-20. For each one percent change in salary costs for these contracts, the cost to the City would be approximately \$32M.

For the first time in nearly 20 years, the City's Four-Year Outlook projects a structural balance for the upcoming years. However, the Outlook does not include yet to be negotiated labor agreements or major projects under consideration such as the new Los Angeles Civic Center building, the Convention Center modernization project, and the revitalization of the Los Angeles River. Further, ongoing litigation could also adversely impact the City's budget in upcoming years.

The legalization of recreational cannabis has had a positive impact on the City's revenues, and the Mayor's 2019-20 Proposed Budget provides funding to assist with the reduction of illegal cannabis operations as well as administrative support for processing permits and cannabis business tax payments throughout various departments. In addition to enhanced cannabis enforcement funding in the Police Department, the Mayor's 2019-20 Proposed Budget allocates ample funding for sworn overtime with designations for specific Council priorities including human trafficking and prostitution detail, security for

Significant Issues

bridge housing sites, and speed enforcement targeting high priority collision locations identified in the Vision Zero initiative.

Measure W, a local measure to fund infrastructure projects and programs to recycle rainwater, is a new revenue source in 2019-20, which provides \$38M to fund various water quality projects. Continuing sources of revenue such as Measure M, Measure R, and SB 1 provide funding for infrastructure and transportation projects, as well as Americans with Disabilities Act and sidewalk repair projects resulting from litigation settlements.

The Mayor's 2019-20 Proposed Budget for homelessness increases to nearly \$422M and utilizes a combination of General Fund and Special Fund dollars while leveraging Proposition HHH financing and State of California Homeless Emergency Aid Program funding. In addition to housing, funding is continued for impactful programs such as Los Angeles Regional Initiative for Social Enterprise (LA RISE), the Department of Aging's Older Workers Employment Program, and expansion of the Clean Streets LA/HOPE teams.

While the Mayor's 2019-20 Proposed Budget strengthens funding for core City services such as public safety and street infrastructure, it also reflects an evolving focus and expanded priorities over the last decade to address social needs and equity considerations. Additionally, the City's leadership has continued to invest in its reserves which builds a stronger foundation in addressing potential concerns and unknowns in the years to come.

Significant Issues

POLICY CONSIDERATIONS

Compliance with Financial Policies: In the CAO's Supporting Information for the Budget and Finance Committee, the CAO reports on the compliance of the 2019-20 Proposed Budget with the following areas of the City's Financial Policies:

City Financial Policies		Mayor's Proposed Budget
Reserve Fund	The Reserve Fund shall be 5% of the General Fund Budget.	Proposes a Reserve Fund of \$399M which equates to 6.11% of General Fund revenues, as compared to a 5.67% for the 2018-19 Adopted Budget. (See discussion on the Reserve Fund).
Capital & Infrastructure	To the extent possible, the City shall annually budget 1% of General Fund revenue to fund capital or infrastructure improvements.	Provides 1.12% of General Fund revenue for capital and infrastructure projects (\$73.3M), which exceeds the 1% investment threshold by \$8.02M.
One-time Revenue	To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures.	\$56.4M in one-time revenue is programmed in 2019-20, including \$7.0M from CRA Surplus Property Sales; \$1.8M from reimbursements; \$14.2M from Cannabis Business tax receipts from audits and monthly tax billing; and \$33.4M from the sale and lease of surplus property in the Special Parking Revenue Fund. According to the CAO Supporting Documents, one-time expenditures totaling \$119M are included in the 2019-20 Proposed Budget. As such, there are no excess one-time financial resources budgeted for ongoing expenditures in this year's budget.
Pension & Retirement Funding	When the required contribution rate falls significantly below the normal cost rate, the City will set aside the incremental rate amount for one-time expenditures only.	A credit has not been earned; therefore funding is not set aside in accordance with this policy.

Significant Issues

<p>Budget Stabilization Policy</p>	<p>This fund is intended to prevent overspending during prosperous years and provide resources to help maintain service levels during lean years.</p>	<p>\$112.9M is included in the 2019-20 Proposed Budget for the Budget Stabilization Fund (BSF). Ordinance No. 182928 requires a deposit into the BSF in years when seven General Fund Tax revenues have a combined growth rate above 3.4 percent, and an update to this growth threshold every 5 years. The CAO recommends a new growth threshold of 4.5 percent, and requests the City Attorney to prepare an amendment to the ordinance. If updated, the CAO estimates that the combined growth rate for 2019-20 will be 5.9 percent, which would require a \$62M transfer into the Fund using the proposed threshold. The Proposed Budget deposits \$4M of the required amount into the BSF, with the remainder allocated to capital projects to help meet the Capital/Infrastructure 1% Financial Policy.</p> <p>It should be noted that, without this update, the Proposed Budget would not be in compliance with the Budget Stabilization Policy unless alternative measures are taken, such as an additional deposit into the Fund or identifying further investments in capital projects.</p>
<p>Debt Policy</p>	<p>This Policy guides the use of General Fund revenue to pay debt service. Debt should be used to finance essential capital assets with a useful life of six years or more. City operations, maintenance, or capital equipment with less than a six-year useful life should be funded with pay-as-you-go financing.</p> <p>The ratio of total debt service payments (including voter approved debt) shall not exceed 15% of General Fund revenues, and the ratio for non-voter approved debt, alone, shall not exceed 6%.</p>	<p>The 2019-20 Proposed Budget complies with this Policy, inasmuch as proposed debt will result in a total debt ratio of 5.93% (as compared to 6.23% for 2018-19) and a non-voter approved debt ratio of 3.94% (as compared to 4.15% for 2018-19). Both of these debt ratios are within the debt ceilings established by the City's Debt Policy.</p>

Significant Issues

One time revenues/expenditures: The Supporting Information to the Budget and Finance Committee describes \$56.4M in one-time revenue and \$119.1M in total one-time expenditures, complying with the City's Financial Policy. Past budgets have programmed one-time revenue sources to pay for ongoing expenses, which had the potential of adding to a structural deficit. The 2019-20 Proposed Budget, however, utilizes all one-time revenues on one-time expenditures. On average over the past ten fiscal years, the Mayor's proposed budgets have identified \$97.7M in one-time revenues. Over this same time period the Mayor's proposed budgets have programmed an average of \$80.4M in one-time expenditures.

State Budget: The State budget, as currently proposed, does not include any issues of significant revenue concern to local governments. It is anticipated that the Governor will release his revised budget on May 10, 2019 (the May Revise). This is the document that will receive the greatest attention in Sacramento and has the potential to include additional matters that could affect local governments. It is anticipated that the State Budget will be adopted by June 15, 2019. City staff will monitor the May Revise and report potential issues that could affect the City budget at that time and as the Legislature conducts its review.

The Governor's budget proposes \$500M in one-time funds for jurisdictions that site and build emergency shelters, navigation centers, or supportive housing. Mayors of the eleven biggest cities in the State are seeking an increase in this funding level. In addition, the Governor has proposed funding resources to support the development of affordable housing. Funds are directed toward technical assistance and planning efforts, as well as a new program to help fund the development of moderate income housing.

Federal Grant Programs: In the past four years, the Council has added funding to the Budget to ensure that various programs that once received Community Development Block Grant (CDBG) funding are continued. The availability of CDBG funds for these and other programs continues to decline. Given the current federal level funding priorities, future grant funding remains uncertain. The continued availability of federal grants is an area that must be closely monitored this fiscal year and in future years.

The Mayor's Proposed Budget for 2019-20 continues funding for a number of programs that have been funded by CDBG in prior years:

- AIDS Coordinator's Office – \$1.5M is continued in the Department on Disability for AIDS Policy and Planning and HIV Prevention programs.
- Commission Support - \$0.4M is allocated for various commissions, including the Human Relations Commission, Commission on the Status of Women, and the Commission on Community and Family Services and is continued in the Housing and Community Investment Department (HCID) budget.
- Day Laborer Program - \$1.2M is included in the Proposed Budget for the Economic and Workforce Development Department (EWDD).
- Domestic Violence Shelter Operations Support - \$1.8M is included in the HCID budget to support Domestic Violence Shelter Operations.

Significant Issues

- Family Source Centers (non-profit managed) - \$5.5M is included in the HCID budget to allow full funding, along with CDBG funds, of 16 Family Source Centers.
- Public Works Beautification and Anti-Graffiti Programs – Funding for Graffiti Abatement (\$11.5M), Clean and Green Program (\$0.8M), and the LA River Corps Program (\$0.2M) are included in the Board of Public Works budget. \$1M for this purpose is also included in the General City Purposes budget.
- Youth Development - \$1.9M is included in the EWDD budget for YouthSource Centers, Hire LA, and the Cash for College program.

In addition, the proposed Consolidated Plan adds and expands funding for a variety of human services and economic development programs. The Consolidated Plan will be forwarded under separate cover.

REVENUES

Revenue Outlook: The Proposed Budget's revenue estimates assume stable growth as the local economy has steadily grown in the years since the Great Recession. The Proposed Budget estimates General Fund receipts in 2019-20 will be \$6.53B, a 5.5 percent increase over 2018-19 revised receipts. While the City had a fifth consecutive year of decreasing home sales, the Proposed Budget estimates above average growth for property tax due to appreciating home values and sales prices. The Proposed Budget also assumes above average growth in sales and business tax revenues attributed to the expansion of the recreational cannabis market. However, there is limited historical data to model assumptions on cannabis business and sales tax receipts. Growth from the economy-sensitive revenues (property tax, utility users tax, business tax, sales tax, transient occupancy tax, documentary transfer tax and parking occupancy tax) in 2019-20 is expected to be 6.1 percent above the 2018-19 Adopted Budget.

The Proposed Budget further notes that departmental receipts from related cost reimbursements for special fund and proprietary reimbursed positions are at risk if vacancy rates are higher than assumed in the budget. These revenues are captured in Licenses, Permits, Fees and Fines, which is the second highest General Fund revenue source. Recent "true-ups" in special funds have resulted in repayments by the General Fund.

Revenue from the Street Damage Restoration Fee (SDRF) is estimated to be \$70M. These funds have been programmed to support several departments, as described in detail below. As the SDRF Ordinance went into effect in December 2018, there is not yet a full year's data upon which to base revenue assumptions.

Property Based Revenue: In 2019-20, property-related revenues (\$2.1B) will account for approximately 32 percent of the City General Fund revenue. The Proposed Budget assumes a six percent growth in total assessed value for 2019-20. In future fiscal years, the Proposed Budget forecasts that property taxes will increase by four percent in 2020-21 to \$2.2B, then rise by four percent in each of the three subsequent fiscal years to reach \$2.5B in 2023-24. The dissolution of Community Redevelopment Agencies beginning in 2011 triggered the subsequent redistribution of former tax increment revenue to various

Significant Issues

taxing entities, including the City. The City began receiving additional property tax payments (former tax increment revenues) beginning in June 2012, and the Proposed Budget anticipates that the City will receive \$101.1M in former CRA funds in 2019-20.

Documentary Transfer Tax: Tax revenue for the Documentary Transfer Tax is generated when real property is sold or when a controlling interest in a legal entity that owns real property in the City is transferred. It is assessed at the time of sale or transfer, at a rate of \$2.25 per \$500 of value. Projections in the 2019-20 Proposed Budget anticipate Documentary Transfer Tax revenues of \$212M, which is level with revenues anticipated in the 2018-19 Revised Revenue Summary. This is attributed to housing affordability, tight credit, and low inventory. Documentary Transfer Tax revenues are projected to remain flat in each of the next four fiscal years.

Transient Occupancy Tax: The Transient Occupancy Tax (TOT) is levied on hotel or motel rooms and other properties rented for 30 days or less, and is collected by the operator and remitted to the City monthly. The TOT rate is 14 percent, of which 13 percent is deposited into the General Fund and one percent is remitted to the Los Angeles Visitors and Convention Bureau Trust Fund. The 2018-19 revised revenue estimate of \$322.9M reflects a shortfall in expected hotel receipts that was off-set by a higher than expected increase in receipts from short-term rentals.

The 2019-20 Proposed Budget assumes a 3.7 percent growth (\$9.8M) in revenue from hotels based on industry forecasts, and a 10 percent decline (\$6.1M) in revenue from short-term rentals due to the anticipated impact of the City's new home-sharing ordinance, which goes into effect on July 1, 2019. TOT revenue from short-term rentals has primarily been collected through TOT Collection Agreements between the Office of Finance and home-sharing websites, such as AirBnB, that collect the TOT and remit it directly to the City on behalf of its users. The 2019-20 Proposed Budget assumes that new or extended TOT Collection Agreements will be in place.

Overall, TOT revenue is expected to grow by 1.2 percent (\$3.8M) in 2019-20 for total TOT revenues of \$326.6M. TOT revenues are projected to grow at varying rates over the next five years (averaging an annual growth rate of five percent) to reach \$388M by 2023-24.

Sales Tax: The Proposed Budget estimates that sales tax revenue for 2019-20 will total \$591.4M, an increase of \$19.9M (3.5 percent) from the 2018-19 Revised Budget amount of \$571.5M. Similar to business tax, the increased sales tax growth for 2019-20 includes cannabis-related sales activity as well as remittances from out-of-state retailers. In addition, sales tax growth is based on economic forecasts, and lower growth is assumed beginning in 2020-21 based on recent trends in receipts reflecting changing consumer habits

Business Tax: For 2019-20, the Proposed Budget anticipates net business tax revenues of \$654.9M, which is an 8.8 percent increase from the 2018-19 estimated year-end total of \$602M. Business tax estimates for 2019-20 assume historical growth rates based on positive economic indicators, with additional net receipts from recreational cannabis

Significant Issues

business and sales activity. The 2019-20 estimate for cannabis-related business taxes assumes additional revenue from delayed tax payments and new recreational cannabis activity due to increasing recreational cannabis sales, new non-retail cannabis activities and additional remittances from prior tax years.

Power Revenue Transfer: The transfer from the Power Revenue Fund is set as a percentage of prior-year gross operating power revenue, not to exceed net income. The 2019-20 transfer will be subject to the approval of the Board of Water and Power Commissioners. The amount included in the 2019-20 Proposed Budget is \$235.6M, which is a \$3M increase from the 2018-19 reduced transfer amount of \$232.6M. The decrease in revenue over the last two fiscal years reflects the impact of a settlement agreement limiting the amount of the transfer.

Charter Amendment J requires the DWP to submit its preliminary budget for the upcoming fiscal year to the City Council by March 31 to allow Council to consider the impacts of the DWP budget on the City. The Board of Water & Power Commissioners considered the 2019-20 Preliminary Budget on March 12, 2019. DWP's Preliminary Budget was transmitted to Council on March 13, 2019 and proposed a power revenue transfer of \$236M.

Fees: The following fee adjustments are included in the 2019-20 Proposed Budget:

- City Attorney: Tobacco permits are expected to generate \$0.4M in additional revenue.
- Controller: The Proposed Budget assumes additional revenue of \$1M from rebates generated by the E-Payables program.
- Fire: The Proposed Budget assumes that new rates for ambulance billing will generate \$6M in 2019-20.
- Zoo: The Proposed Budget proposes an increase of \$1 in the adult admission fee from \$22 to \$23 that will generate an additional \$0.9M.

Significant Issues

MAJOR FUNDS

Reserve Fund: The 2019-20 Proposed Budget anticipates a \$399M Reserve Fund, consisting of a \$179.5M Emergency Reserve and a \$219.5M Contingency Reserve. This reflects the highest proposed Reserve Fund amount to date and equates to 6.11 percent of total General Fund revenues of \$6.53B. The 2018-19 Adopted Budget Reserve Fund was \$343M, which equated to 5.67 percent of General Fund revenues at that time.

Charter Amendment P, approved by the voters in March 2011, requires the establishment of an Emergency Reserve Account that contains no less than 2.75 percent of General Fund receipts and a separate Contingency Reserve Account in the Reserve Fund. Expenditures from the Contingency Reserve Account are limited by Charter Amendment P. Funding in the Contingency Reserve may be used to cover shortfalls in City revenue or pay for unexpected expenses for programs approved in the current year budget.

The City of Los Angeles enacted a Reserve Fund Policy in 2005 that provided for a phase-in of increasingly larger percentages of the General Fund to be deposited into the Reserve Fund. The goal specified in this Policy is a Reserve Fund of five percent of General Fund revenues within ten years. This goal was achieved in each of the past six fiscal years and the Mayor's Proposed Budget for 2019-20 continues to meet that goal.

The following chart shows the state of the Reserve Fund on July 1 for the past four years:

	Actual	Actual	Actual	Actual	Proposed
	2015-16	2016-17	2017-18	2018-19	2019-20
Contingency Reserve	\$293.8	\$180.9M	\$194.3M	\$175.6M	\$219.5M
Emergency Reserve	<u>\$148.8</u>	<u>\$153.3M</u>	<u>\$160.2M</u>	<u>\$170.2M</u>	<u>\$179.5M</u>
Total on July 1 of FY	\$442.6	\$334.2M	\$354.5M	\$345.8M	\$399M
% of General Fund	8.18%	5.99%	6.08%	5.56%	6.11%
Amount Transferred to Balance the Budget	\$6.03M	\$1M	\$9.1M	\$5.8M	\$0

The Emergency Reserve Account of \$179.5M equals to 2.75 percent of General Fund revenues to comply with Charter Amendment P.

The Proposed 2019-20 Budget does not rely on a Reserve Fund transfer. The 2018-19 Adopted Budget included a \$5.8M Reserve Fund transfer.

The Proposed Budget also includes \$112.9M in the Budget Stabilization Fund (BSF), as discussed below in more detail. When adding the BSF, Reserve Fund, and a total of \$20M set aside in the Unappropriated Balance (UB), Reserve for Mid-Year Adjustments, the 2019-20 Budget contains total reserves of \$530M or 8.12 percent of the General Fund.

Significant Issues

Budget Stabilization Fund: The Budget Stabilization Fund (BSF) was created as part of the 2009-10 Adopted Budget to help reduce the impact on services during years of slow revenue growth or declining revenue. In April 2014, the City enacted Ordinance No. 182928 which established the requirements for deposits into and withdrawals from the BSF, consistent with provisions of Charter Amendment P. One of those requirements states that a deposit must be made into the BSF in any year when the combined growth rate of the seven major revenue categories exceeds 3.4 percent unless the additional funds are to be used to fund capital infrastructure or to restore the Reserve Fund above five percent. In 2019-20, the Mayor's Proposed Budget estimates that the combined growth rate will be 5.9 percent. The CAO estimates the excess above 3.4 percent to be \$111M. The Proposed Budget deposits \$4M into the BSF and invests \$73M into capital infrastructure to help comply with the City's Capital and Infrastructure Funding Policy, as allowed under the BSF policy. Under the current 3.4 percent threshold, the Proposed Budget's investments into the BSF and capital infrastructure do not comply with the BSF policy. With the \$4M allocated in the Proposed Budget and \$2M in anticipated interest revenue, the BSF balance for 2019-20 will be \$112.9M, which is the highest to date.

Affordable Housing Trust Fund: Established in 2000, the City's Affordable Housing Trust Fund (AHTF) finances the acquisition, rehabilitation and construction of affordable housing throughout the City. The AHTF has historically been funded with various sources, including the Consolidated Plan's allocation of HOME and CDBG funds, redevelopment funds, and other state and federal resources.

\$28.6M in HOME and CDBG funds were allocated to the AHTF in the 2018-19 Consolidated Plan (PY 44). The 2019-20 Consolidated Plan (PY 45), which is pending approval, includes \$31.5M in HOME and CDBG funds for the AHTF.

Capital Finance Administration Fund: The Capital Finance Administration Fund includes \$255.3M for the debt service cost for outstanding debt issuances to date. This amount is \$3.1M (1.22 percent) more than 2018-19. The Proposed Budget reflects the completion of MICLA Lease Revenue Bonds, Series 2019-A (Capital Equipment) and 2019-B (Real Property) in June 2019. The MICLA Street Lighting, Series 2019 private placement (\$2.3M) will be completed in July 2019 to finance improvements to the City's street lighting system and will be repaid from the Street Lighting Maintenance Assessment Fund. The final lease payment for the MICLA Lease Revenue Bonds, Series 2009-A (Capital Equipment) (\$7.3M) was paid in 2018-19.

City Ethics Commission – Matching Campaign Funds Trust Fund: The Proposed Budget appropriates \$3.4M to the City Ethics Commission Public Matching Campaign Fund. The amount is a \$0.1M (3.1 percent) increase from 2018-19. The Proposed 2019-20 appropriation, combined with the projected cash balance from 2018-19, would provide a total fund balance of \$21.1M, as required by Charter Section 471(c)(1). The Charter requires an annual appropriation of \$2M (1991 dollars) per fiscal year adjusted by the Consumer Price Index (CPI) (Los Angeles – Riverside – Orange County metropolitan area), unless special circumstances are met.

Significant Issues

Human Resources Benefits and Workers' Compensation Fund: The Human Resources Benefits and Workers' Compensation Fund (HRB) provides for direct payments, exclusive of personnel and administrative costs, for various human resources benefits provided to City employees. The Proposed Budget increases the appropriation to the HRB programs by \$17.2M to \$747.9M, which is a 2.4 percent increase from the 2018-19 Adopted Budget.

The Proposed Budget includes various assumptions with regard to healthcare costs, number of employees hired, and costs associated with Workers' Compensation. For 2019-20, a total of \$198.3M would be appropriated to Workers' Compensation. This represents a \$4.3M increase (or 2.2 percent) from the 2018-19 Adopted Budget total of \$194M, and a \$1.3M increase (or 0.7 percent) from the 2018-19 estimated expenditures anticipated at \$197M. In addition to Workers' Compensation, increased costs included in the Proposed Budget for the HRB Fund result from anticipated health benefits rates in the Civilian FLEX Benefits (\$6.9M increase) and the Police and Fire Health and Welfare Programs (\$5M increase).

Innovation Fund: The Proposed Budget allocates \$1.2M to the Innovation Fund, a \$0.1M increase over the 2018-19 Adopted Budget allocation. The Innovation Fund has an unallocated balance of \$0.4M, which will rollover for use during 2019-20.

Neighborhood Council Fund: The Neighborhood Council Fund, administered by the City Clerk, provides funding to certified Neighborhood Councils each Fiscal Year for Neighborhood Council operations and neighborhood improvement projects. The Neighborhood Council Fund provides each Neighborhood Council \$42,000, for a total appropriation of \$4.2M for 99 certified Neighborhood Councils. The Proposed Budget also includes \$0.2M in the Unappropriated Balance for the formation of four additional Neighborhood Councils.

Sewer Construction and Maintenance Fund: The Sewer Construction and Maintenance (SCM) Fund provides funding for the Clean Water Program (CWP). The SCM Fund is operated and maintained by the Bureau of Sanitation, with funding provided through the Sewer Service Charge (SSC). The Proposed Budget reflects revenue from a 6.2 percent rate adjustment in the SSC on July 1, 2019.

The Proposed Budget includes \$318M in SCM Funds that are allocated to various departments to cover the cost of wastewater-related activities in various City departments, offices and bureaus, including related costs.

The Proposed Budget includes the final of four \$8.6M annual payments from the General Fund to the SCM Fund to reconcile the SCM Fund's overpayment of related costs for the Bureaus of Sanitation, Contract Administration and Engineering since 2011. The Proposed Budget also recognizes \$10.8M in revenue from recycled water sales to DWP from the doubling of water production at Terminal Island Treatment Plant Advanced Water Purification Facility which was completed in January 2017.

Significant Issues

The Proposed Budget for the SCM includes the Clean Water Capital Improvement Expenditure Program (\$371M) and the related capital labor and expense costs (\$117M). The Proposed Budget also includes the costs of operating and maintaining the Clean Water System (\$397M). The current CWP is focused on the Collection System Settlement Agreement which expired in 2014 and established a 10-year program of sewer inspection, maintenance, and rehabilitation, with the goal of reducing sewer system overflows.

The Proposed Budget includes the payment of debt service on Wastewater System Revenue Bonds (\$241M). Funding is provided (\$6.6M) for the Sewer Connection Financial Assistance Program.

Solid Waste Resources Revenue Fund: The Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (Solid Waste Fee) is imposed on all single-family dwellings in the City and upon certain multiple-unit dwellings for which the City provides refuse collection services. All receipts from the Solid Waste Fee are deposited into the Solid Waste Resources Revenue Fund (SWRRF) and are used for all costs associated with the collection, disposal, and recycling of solid waste. The 2019-20 Proposed Budget for the SWRRF totals \$444.7M.

The Proposed Budget recommends the following:

- Solid Waste Lifeline Program: The Proposed Budget provides \$6.3M in General City Purposes funds to reimburse SWRRF for costs attributed to the Lifeline Rate Program.
- Solid Waste Fee Reimbursement: The Proposed Budget provides \$2.2M in General City Purposes funds to reimburse SWRRF for costs associated with refuse collection and disposal services to other City departments and special events.
- Clean Fuel Collection: \$30M is provided to replace diesel-powered solid resources collection vehicles with clean fuel vehicles.
- Solid Waste Tip Fees & Material Recovery Facilities (MRF) Fees: The solid waste tip fees and MRF fees for residential collection are projected to increase by \$13M from 2018-19 levels, to \$71M. China's recently adopted "National Sword Policy," which restricts waste and metal imports from abroad, has resulted in a significant increase in the MRF's costs for processing and marketing the City's recyclables. Tip fees for the Multi-Family Bulky Item Program and other special funds will be paid by SWRRF and reimbursed by those special funds.
- Container Replacement Program: Funding (\$14M) is continued to annually replace approximately 215,000 worn, damaged, and lost residential containers. The funding also supports technology improvements for the container asset management system.
- Rate Stabilization Reserve: Funding (\$22M) is provided for the Rate Stabilization Reserve to address unanticipated economic uncertainties.
- Utility Expenses: Funding (\$2M) is provided for water and electricity expenses. These costs were previously paid from the Citywide Water and Electricity Fund. The Bureau of Sanitation began direct payment of water and electricity invoices in 2017-18.

Significant Issues

- Departmental Appropriations: \$169M from the Fund is provided to various City departments, offices and bureaus for the cost of solid waste related activities.

Stormwater Program Funds: The 2019-20 Proposed Budget recognizes \$77.8M in revenue from the Stormwater Pollution Abatement (SPA) charge (\$28.4M) and the new Los Angeles Region Safe, Clean Water Program (Measure W) Local Return Fund (\$38M).

The SPA charge imposes a fee on all properties in the City based on stormwater runoff and pollutant loading associated with property size and land use. The charge is collected by the Los Angeles County Assessor on the annual property tax bill and annual receipts are approximately \$28.4M. SPA funds are used to treat and abate stormwater per guidelines provided by the U.S. Environmental Protection Agency. The SPA charge has not been adjusted since 1993. The existing SPA charge of \$1.92 per month for a typical single family home is insufficient to cover the incremental costs.

On November 6, 2018, Los Angeles County voters approved Measure W, a parcel tax of 2.5 cents per square foot of impermeable surface to support the costs of stormwater related projects and activities. Eligible uses for revenues include projects that provide a water supply and/or quality benefit and a community investment benefit. Measure W can be used to fund Enhanced Watershed Management Plan (EWMP) projects and the operation and maintenance of completed Proposition O projects.

Measure W revenues are allocated to three sub-programs: municipal, regional, and administrative. Forty percent of revenues are allocated to municipalities in the same proportion as the amount of revenues collected within each municipality. \$38M is projected to be allocated to the City as part of the municipal program. Fifty percent of Measure W revenues is allocated for region-wide projects and is awarded on a competitive basis. The County is in the process of developing guidelines and funding eligibility requirements for the Measure W Program.

The Proposed Budget includes:

- Complete Streets Water Quality Improvements: \$3.7M for elements of Complete Streets projects that produce water quality benefits.
- Feasibility Studies: \$6.2M for feasibility studies of water quality projects to be submitted for funding consideration as part of the Measure W regional call for projects.
- Operation & Maintenance – TMDL Compliance: \$5.5M for non-capital expenses associated with operating and maintaining water quality compliance projects.
- Regional Project Development & Revolving Funds: \$7.9M for the initial development of regional water quality projects and to be used as a revolving fund for potential match or front-funding requirements for regional funding.
- SCM Fund Loan Repayment: \$2.2M in Measure W funds to repay a loan from the SCM Fund for feasibility studies for the Measure W regional call for projects.
- CIEP Physical Plant: \$11.1M in Measure W funding is provided in the CIEP Physical Plant Program for water quality projects. In 2018-19, project funding was

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provided by the General Fund. Funding will be utilized to implement EWMP projects.

- Departmental Appropriations: \$26.4M from the Fund is provided to various City departments, offices and bureaus for the cost of stormwater related activities.

Street Damage Restoration Fund: The Street Damage Restoration Fund was created by Council action to receive revenues from the Street Damage Restoration Fee (SDRF). The SDRF was established in 1998 to reimburse the City for damage to City streets caused by excavations or other work in the public right-of-way by entities required to obtain a permit to excavate in a public street.

In 2018, the Bureau of Street Services (BSS) completed a fee study and proposed an update to the SDRF. Council adopted changes to the SDRF, including an increased per square foot fee for both Local and Select Streets, which went into effect on December 6, 2018. The revised SDRF Ordinance states that the SDRF shall be used only to fund a Bureau of Street Services street reconstruction program and related work. The Proposed Budget contains an instruction to revise the Street Damage Restoration Fee Fund Ordinance to explicitly allow innovative roadway bed treatments, such as Cool Pavement, as an eligible use of the Fund. The instruction proposes capping funding for such treatments at eight percent of the Fund's annual revenue.

The Proposed Budget projects \$70.50M in revenue generated by the SDRF, which is a 0.29 percent decrease from 2018-19. The 2018-19 Adopted Budget amount included \$29.85M in the Unappropriated Balance as a hedge against any revenue shortfall. That revenue is not expected to materialize during the 2018-19 Fiscal Year.

The Proposed Budget allocates the SDRF as follows:

- CIEP (Physical Plant) - \$1.6M
- Cool Pavement - \$3M
- Complete Streets Program - \$20.5M
- Failed Street Reconstruction - \$3.3M
- General Services - \$7.6M
- Information Technology Agency – \$0.005M
- Personnel - \$0.18M
- Department of Transportation - \$0.32M
- Bureau of Engineering - \$0.71M
- Bureau of Street Services - \$28.5M
- Reimbursement of General Fund Costs - \$4.8M

Of this funding, \$51.5M is allocated to ongoing needs: \$31M for the City's Pavement Preservation Program and \$20.5M for the six Complete Streets projects which have already been approved and were begun in 2017-18.

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Proposition A: The Proposed Budget provides a total appropriation of \$328.7M from Proposition A, including:

- Continuation of existing transit services (\$122.4M);
- \$123.3M for future service needs that may be used to offset potential shortfalls as expenditures increase;
- \$14M for additional facility upgrades at the Bus Facility Transit Yards;
- \$2M for various maintenance and minor capital improvement projects at City-owned transit facilities; and
- \$0.7M to implement bus wireless communication systems for transit riders.

Measure M Local Return Fund: In November 2016, the voters in Los Angeles County approved an additional one-half cent sales tax within Los Angeles County, with an increase to one percent on July 1, 2039, with revenue to be used for certain transportation improvements. Collection of Measure M sales tax receipts began on July 1, 2017.

The Proposed Budget anticipates \$84.3M in Measure M funding for the following projects:

- Alley paving (\$3M)
- Concrete streets (\$2M)
- Completion of six Complete Streets projects (\$5.3M)
- MLK Streetscape Project (\$0.8M)
- Open streets events (\$1.5M)
- Speed hump program (\$2M)
- Traffic studies for Council Districts 4 and 8 (\$0.4M)
- Transportation Technology Strategy (\$1.5M)
- Unimproved median island maintenance (\$1M)
- Vision Zero Corridor projects (\$7.6M)
- Vision Zero education and outreach (\$1M)

The Proposed Budget includes departmental appropriations of \$25.3M for Measure M projects.

Measure R Local Traffic Relief and Rail Expansion Fund: The Proposed Budget appropriates \$58.9M and continues funding for previous projects, including: Automated Traffic Surveillance Control (ATSAC) system maintenance (\$3M); the Bicycle Plan (\$2.4M); Great Streets (\$1M); paint and sign maintenance (\$1.7M); overtime for the Pavement Preservation Program (\$0.7M); the Pedestrian Plan (\$2.4M); technology and communications (\$0.03M); and, Vision Zero contracts, speed surveys and outreach (\$0.2M). The Proposed Budget also includes \$12.2M in General Fund reimbursements from Measure R funds. \$35.1M in Measure R funds are appropriated to City Departments for Measure R projects.

Local Transportation Fund: Funds from one-fourth of one percent of the sales tax are allocated annually on a per capita basis to cities and the County by the Los Angeles County Metropolitan Transportation Authority (LACMTA) to develop bicycle and pedestrian facilities. Local agencies may either draw down these funds or place them in

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reserve. Funds must be spent within the fiscal year in which they have been allocated. Failure to do so may result in the lapse of these allocations.

The Proposed Budget includes total revenues of \$4.1M, which reflects a 71 percent reduction from the 2018-19 Adopted Budget. The Proposed Budget allocates the funding for Bikeshare capital expansion (\$2M), San Fernando Road Bike Path Phase 3 Metrolink local match (\$0.7M), the Bikeways program (\$0.6M), and the open streets program (\$0.8M)

Special Parking Revenue Fund: The Proposed Budget provides a transfer to the Reserve Fund of \$56.9M, which includes a base level of \$23.5M and \$24M in lease revenue and sale of the vent area of the Mangrove parking property. The proposed transfer is \$24.8M more than the 2018-19 transfer and \$33.4M above the base-level transfer. Funding in the amount of \$58.1M for 2018-19 Special Parking Revenue Fund programs is continued.

Special Gas Tax Improvement Fund: The Special Gas Tax Street Improvement Fund receives monies from the State's Excise Tax on the sale of gasoline and from federal reimbursements from the Surface Transportation Program—Local. These monies provide funding to various departments and to the Physical Plant for eligible activities and projects. Funding is apportioned to the City through various formulas in accordance with the Streets and Highways Code and through annual federal legislation relative to the Surface Transportation Program.

In April 2017, the Legislature enacted Senate Bill (SB) 1, also known as the Road Repair and Accountability Act, which increased State revenues for California's transportation system by an average of \$5.2B annually over the next decade.

For 2019-20, the original gas tax funds are provided across departments for a variety of projects and programs (\$76.7M), as well as special purpose fund appropriations, including reimbursement of General Fund costs (\$23M).

In addition to the \$29.2M for CIEP-physical plant projects for 2019-20 from SB 1 gas tax revenues, additional appropriations include concrete streets (\$5M), Vision Zero citywide flashing beacons (\$2M), complete streets (\$1.4M), Failed Street Reconstruction (\$3.8M), sidewalk repair access request acceleration (\$10M), sidewalk repair engineering consultant services (\$2.7M), sidewalk repair contractual services (\$3.8M), Vision Zero concrete improvements (\$5M), Vision Zero traffic signals (\$9.3M) and Vision Zero traffic signals support (\$0.4M).

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EXPENDITURES

Efficiencies and Reductions: The Mayor's 2019-20 Proposed Budget includes \$42.8M in Efficiencies to Services. Most of the savings from Efficiencies come from one-time reductions to departmental salary accounts (\$-9M) and expense accounts (\$-9.3M). The Proposed Budget also recognizes efficiency savings from a reduction in the Pavement Preservation Program (\$-12.5M) through a one-time reduction in the Bureau of Street Services salaries and expense account and Net Capital Program Reductions (\$-11.9M).

Potentially Underfunded Accounts: There are several accounts that may not have sufficient funding based on current expenditure patterns, as follows:

- ITA – Hiring Hall Salaries: Funding (\$1.6M) may be insufficient due to the high vacancy rate within the Department requiring increased use of hiring hall employees to accomplish departmental objectives.
- Bureau of Sanitation – Overtime General: Funding (\$11.6M) may be insufficient due high vacancy rates within the Solid Resources and Clean Water programs, requiring increased use of overtime to maintain current service levels, and increased requests for homeless encampment cleanups. The Bureau has reassigned staff and has required use of overtime to maintain service levels within Residential Curbside Collection Program.
- Transportation – Overtime General: Funding (\$10.8M) may be insufficient due to overtime expenditures incurred for special event traffic control services and the implementation of high priority transportation projects.
- Petroleum Account: Funding (\$41.7M) may be insufficient due to rising oil prices.
- Efficiency Reductions: Funding may be insufficient in departmental salary and expense accounts that are subject to one-time reductions.
- Liability Claims: The \$20M included in the UB for this purpose may be insufficient. Settlements reached in 2018-19 could be deferred until 2019-20, reducing the amount of funding available for use in 2019-20.

In addition, a number of Labor agreements are set to expire at the end of 2018-19, including the contracts for sworn personnel in the Fire and Police Departments. Each one percent cost of living increase resulting from labor negotiations in 2019-20 would cost the City approximately \$32M. Funding for this purpose has not been included in the Mayor's Proposed Budget.

Outside Counsel Expenditures: The Proposed Budget provides \$1.8M in the Unappropriated Balance for City Attorney Outside Counsel contracts for both general litigation and Workers' Compensation, which is level funding from 2018-19 Adopted Budget. Funding is transferred to the City Attorney budget during the fiscal year as needed, subject to the approval of the Mayor and Council.

Liability Claims/Judgment Obligation Bonds: \$90.5M is proposed for Liability Claims in 2019-20, a \$1.4M increase from the 2018-19 Adopted Budget. Of this amount, \$80M is from the General Fund and approximately \$10.5M is from various Special Funds. The Proposed Budget estimates that \$109.3M will be expended in 2018-19. A Reserve for

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Extraordinary Liability (\$20M) was set aside in the Unappropriated Balance in previous years, and the 2019-20 Proposed Budget sets aside the same amount (\$20M) should liabilities exceed the budgeted allocation.

The Proposed Budget allocates \$6.5M to pay debt service for Judgment Obligation Bonds issued to finance liabilities resulting from adverse decisions by the California courts for the May Day Settlement (\$50.9M). This debt service amount is \$2.5M less than the 2018-19 in that the Harper case's (post-Rampart) final payment will be made in 2018-19.

The Proposed Budget also includes \$4M in funding for Attorney Conflict Panel cases managed by the City Administrative Officer, which is level funding from 2018-19.

Partially Funded/Unfunded Positions: The Mayor's Proposed Budget includes 644 partially funded and unfunded positions. 549 have partial funding, while the remaining 95 are authorized without funding. Full-year funding will be required to continue the partially funded and unfunded positions that began in 2018-19. In prior years, new positions were provided nine-months funding because it is assumed that the positions cannot be filled immediately on July 1. The 2019-20 Proposed Budget provides both nine-months funding and in some cases, six-months funding for new positions. Partial funding and resolution authority is provided for 69 full-year Firefighter III positions in the Fire Department. These positions are partially funded (48 are 50 percent funded and 21 are 25 percent funded) by the Federal Emergency Management Agency's (FEMA) Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program.

Changes in Authorized Positions: The 2019-20 Proposed Budget adds 641 positions as compared to the 2018-19 Adopted Budget, of which 373 are regular authority positions and 268 are resolution authority positions. This includes 70 regular authorities added to the General Services Department, 28 regular authorities for the City Attorney's Office, 28 regular authorities for the Fire Department, 37 regular authorities added to the Bureau of Street Services, 20 regular authorities for the Zoo, and 69 regular authorities for the Police Department. Resolution authorities are typically provided for programs with a limited duration. A majority of resolution authorities added in the 2019-20 Proposed Budget are in the Bureau of Sanitation, the Bureau of Street Services, the Department of Transportation, Personnel Department, the Fire Department, and the Department of Transportation.

Deletion of Filled Positions: The 2019-20 Proposed Budget recommends the deletion of 29 filled positions (all 29 are resolution authorities), as follows:

- Two positions in Building and Safety (one Building Mechanical Inspector and one Administrative Clerk).
- One position in the Office of the City Administrative Officer (Administrative Analyst II).
- Three positions in City Planning (one City Planning Associate, one City Planner, and one Senior City Planner).
- One position in General Services (Construction and Maintenance Supervisor II).
- Two positions in Housing and Community Investment (one Senior Administrative Clerk and one Project Assistant).

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- Three positions in the Bureau of Engineering (one Senior Civil Engineer, one Secretary, and one Senior Management Analyst).
- Eight positions in the Bureau of Sanitation (one Environmental Specialist III, three Environmental Engineering Associate II, one Environmental Engineering Associate III, one Environmental Engineering Associate IV, and two Environmental Engineers).
- Three positions in the Bureau of Street Lighting (one Street Lighting Engineering Associate II, one Street Lighting Electrician, and one Electrical Craft Helper).
- Five positions in the Bureau of Street Services (one Geographic Information Systems Specialist, three Senior Street Services Investigator IIs, and one Chief Street Services Investigator I).

It is anticipated that incumbents in these positions will be absorbed into other departmental vacancies.

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FUNDING ACROSS DEPARTMENTS

Accessible Housing Program: A total of \$98M is proposed in the 2019-20 Budget, for the Accessible Housing Program, which includes a \$13M (15.3 percent) increase from 2018-19 budget. The approved settlement agreement in *Independent Living Center of Southern California v. the City of Los Angeles, et al.*, requires the City to invest \$200 million over ten years for Program implementation and the production of 4,000 accessible rental housing units. Funding in 2019-20 will produce 256 accessible units.

The Proposed Budget allocates \$16M from the General Fund, \$39.8M in Special Funds (Proposition HHH and HOME funds) and \$42.2M in funding from Other Funds (subsidies from other sources including tax credits, State, and County funds) to satisfy the terms of the related Settlement Agreement.

The Proposed Budget includes funding to the Housing and Community Investment Department and the Office of the City Attorney for administrative costs to implement the requirements of the Settlement Agreement (\$6.2M) and adds funding in the Unappropriated Balance for costs associated with inspecting accessibility and conducting accessibility retrofits (\$6M).

Vision Zero Initiative: The concept of the Vision Zero Initiative is to achieve the goal of zero traffic fatalities in the City by 2025, prioritizing safety over faster traffic flows when planning and reconstructing roads. The Proposed Budget appropriates (\$66.7M) across multiple City departments for activities that support the Vision Zero Initiative, which includes funding (\$15M) from the Capital Finance Administration Fund for the design and construction of traffic signals and funding (\$15.1M) for six complete streets projects approved by the Council in 2017-18 that combine street reconstruction, Vision Zero elements, green street elements and sidewalk improvements. It should be noted that additional pedestrian safety funding is included in other programs.

Pavement Preservation Program: The Pavement Preservation Program includes activities required to properly maintain the City street system and keep the system from deteriorating. The Program is led by the Bureau of Street Services with support provided by the Department of Transportation, the Bureau of Engineering and General Services. The Proposed Budget provides \$150.5M for the Pavement Preservation Program from the Special Gas Tax (\$49.4M), Proposition A (\$0.5M), Proposition C (\$7.6M), Street Damage Restoration Fee (\$31M), Stormwater Pollution Abatement Fund (\$0.4M), Measure R (\$25.4M), Measure M (\$4.6M) and the General Fund (\$31.6M) for the following reconstruction categories: resurfacing, slurry sealing, large asphalt repairs and small asphalt repairs (potholes). The Mayor's Proposed Budget provides funding to sustain the current 58 percent of the City's streets in a state of good repair.

The Mayor's Proposed Budget reduces funding by \$14M in the Bureau of Street Services for the Pavement Preservation Program to reflect anticipated savings achieved due to efficiencies and expenditure reductions, with an additional reduction (\$-1.5M) for related costs.

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Failed Street Reconstruction Program: The Proposed Budget includes funding across several departments for a new program to repair the most severely damaged streets with the lowest rating. The new Failed Street Reconstruction Program is led by the Bureau of Street Services with support from the Bureaus of Contract Administration and Engineering, General Services and the Department of Transportation. The Proposed Budget provides \$25.1M for the Failed Street Reconstruction Program from the Street Damage Restoration Fund (\$8.8M), Measure M (\$7.5M) and SB 1 (\$8.8M).

Complete Streets: As part of the 2018-19 Adopted Budget, \$42.6M was allocated to begin design and implementation of roadway projects that included both reconstruction and Vision Zero elements (Complete Streets). On March 28, 2018, the Council established a work plan and funding for six complete streets projects (C.F. 17-0950). The Proposed Budget includes \$30.9M to complete the original project elements that were approved by the Council in 2018. Preliminary funding was provided in 2018-19 to begin the design phase of the next twelve projects with additional funding for construction to be provided in future years. The Proposed Budget states that City funding for these projects is limited to \$1.5M per lane mile and \$14M total per project.

Sidewalk Repair Program: On April 1, 2015, the City Council and the Mayor approved a Settlement Agreement in the class action lawsuit *Mark Willits, et al. v. the City of Los Angeles*. Court approval of this Settlement Agreement was finalized in spring 2017. This will be the third year of the compliance period established by the Settlement. The terms of the Settlement Agreement include an annual commitment by the City of \$31M (adjusted every five years to maintain present value) for 30 years to projects that improve sidewalk ADA access and remove barriers.

The 2019-20 Proposed Budget appropriates \$32M to the Sidewalk Repair Program, which includes \$15.4M from the General Fund; \$4.3M in Measure R Local Return Funds for the construction of access ramps; \$6.5M in SB 1 funding for sidewalk repair consulting and as needed contractual services; and, \$5.1M from Proprietary Departments to fund repairs to sidewalks and pedestrian facilities adjacent to their properties. In compliance with the terms of the Settlement Agreement, the Proposed Budget includes \$6.2M for the Access Request Program and \$5M for curb ramp installation.

The Proposed Budget also provides \$0.2M for the preparation of a project-level Environmental Impact Report (EIR). Preparation of the EIR was initiated in 2016-17 and completion is projected in 2019-20. In addition to the annual commitment, the Proposed Budget allocates \$10M from SB 1 to accelerate the Access Request Program.

Homelessness: The Mayor's 2019-20 Proposed Budget provides approximately \$421.9M for homelessness-related programs including outreach to connect homeless persons to services, cleaning homeless encampments, operations for City navigation centers, department programs to serve the homeless, City staff salaries, and programs and administrative costs at the Los Angeles Homeless Services Authority (LAHSA). The \$421.9M total budget includes \$281.3M in Proposition HHH funds for Permanent

Significant Issues

Supportive Housing (PSH) Program costs in the 2019-20 Proposition HHH Project Expenditure Pipeline (PEP). This amount is the funding proposed for 27 PSH projects with 1,785 units for the 2019-20 Prop HHH PEP, of which 1,415 is supportive units. The City is not issuing Proposition HHH Bonds in Fiscal Year 2019-20.

The remaining \$140.6M is allocated for various homeless programs and staff costs. The 2019-20 Proposed Budget includes \$36M in State Homeless Emergency Aid Program (HEAP), a homeless grant awarded to the City for various services and programs including A Bridge Home Program created last year through the Crisis and Bridge Housing fund. There is also \$3.9M in Special Funds for homeless programs and services. The Proposed Budget allocates \$65.2M from the General Fund to City Departments and \$35.5M for LAHSA.

New programs and services in the 2019-20 Proposed Budget include \$0.6M for various positions for the Unified Homeless Response Center (UHRC). This includes a Dedicated Manager for Homeless Engagement Team (HET), a Community Program Assistant I in the Department on Disability (DOD) to act as a liaison between DOD and UHRC, and four Police Officer IIs to staff UHRC.

Another new program in the Proposed Budget includes Sworn Overtime for the Police Department to patrol the El Puente, Schrader, and Paloma Bridge Housing sites for 12 months, 24 hours a day and seven days a week. There is an additional \$5M in the Unappropriated Balance for any additional security needed at new A Bridge Home sites that open in 2019-20. Additionally, there is \$1.6M in the Proposed Budget for operations of three City-sponsored Proposition HHH funded navigation centers that will open in 2019-20.

Other significant programs and positions funded through the 2019-20 Proposed Budget are expansion of Safe Parking funding from \$0.3M in 2018-19 to \$1.6M, Mayor's Homelessness Policy and Implementation Support from \$0.4M to \$0.9M, and increased Police Department funding for the Department's response to crime and quality of life issues. The budget includes \$0.08M for the Office of Operations' Homeless Coordinator as well as funding for the Resource Enhancement Services and Enforcement Team for the Central Bureau Citywide Homelessness Coordinator's Office. Additionally, there is a significant increase for the Clean Streets LA/Homeless Outreach Proactive Engagement (HOPE) Team Expansion in the Unappropriated Balance (from \$1.2M to \$6.5M).

The Proposed Budget continues funding for Crisis and Bridge housing sites established through last year's budget. There is \$10M in the Proposed Budget for services at the facilities established by the \$20M Crisis and Bridge Housing fund in last year's budget.

Additionally, the Proposed Budget includes \$1.7M for staffing through Prop HHH. Positions include one Administrative Analyst II in the CAO's Office (\$.09M), one Deputy City Attorney II and one Paralegal I in the City Attorney's Office (\$.16M), and 14 positions in the Housing and Community Investment Department to provide underwriting support for Prop HHH Program (\$1.4M).

Significant Issues

Significant Issues

DEPARTMENTAL BUDGETS

Animal Services: The Proposed Budget adds resolution authority and funding (\$0.05M) for four positions to conduct Citywide door-to-door canvassing and licensing enforcement. The Proposed Budget also continues funding (\$0.2M) for contractual services to provide data tracking information for animal shelters through the Chameleon Data Management System, including one-time funds for shelter bandwidth improvements and data plan expenses. The Proposed Budget adds resolution authority and funding (\$0.05M) for one position to assist in maintaining the City's "no kill" status.

Building and Safety: The 2019-20 Proposed Budget notes that 91.6 percent of the Department of Building and Safety's operations (\$114.2M) are special funded, with the remainder (8.4 percent or \$10.5M) provided by the General Fund. The Proposed Budget includes funding and staffing for a variety of Department programs and services, including nine-months funding (\$0.2M) and resolution authority for three positions in Structural Plan Check Support to provide structural plan check services; \$0.1M and resolution authority for one position in Electrical Inspection Supervision to provide additional oversight and enhanced management of the Department's electrical inspection functions; nine-months funding (\$0.2M) and resolution authority for two positions to provide commercial electrical inspection services; nine-months funding (\$0.2M) and resolution authority for two positions to provide fire sprinkler inspection services; \$0.2M for two positions for Cannabis Business Case Management; nine-months funding (\$0.04M) and resolution authority for one position to support the processing of haul route applications and schedules; and nine-months funding (\$0.2M) and resolution authority for two positions to manage the Department's internal demand audit functions and support the implementation of the Universal Cashiering System.

The Proposed Budget adds funding (\$0.4M) and continues resolution authority for two positions with funding and four positions without funding for the Monitoring, Verification, and Inspection Program, to be funded by the Planning Case Processing Fund. Funding (\$0.2M) and resolution authority is also continued for one Assistant General Manager Position to oversee the Department's Technology Support and Development Services Systems program.

Cannabis Regulation: The 2019-20 Proposed Budget provides funding (\$2.3M) and continues five regular and 32 resolution authority positions, which includes one Assistant Executive Director, one Principal Project Coordinator (Social Equity Program), and other positions. Funding is added (\$0.9M) and resolution authority for 14 positions is continued to assist with application review and processing, provide support to residents as it relates to commercial cannabis activity, and monitor the compliance of businesses lawfully engaged in commercial cannabis activity. \$3M is also provided for the Department's Social Equity Program and \$0.25M is provided for a public education outreach campaign.

City Attorney: The Proposed Budget provides the Office of the City Attorney with enhanced funding and staffing for existing programs, as follows:

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- Additional Body-Worn Video Camera Program Prosecutorial Support: Nine-months funding (\$0.3M) and four positions for review of Police Officer video and audio activities intended to serve as evidence in criminal investigations and prosecutions and increase accountability for officers.
- Proposition HHH – Legal Support: Nine-months funding (\$0.2M) and two positions to provide legal support for the Proposition HHH program.
- Child Abuse Prosecutorial Support: Nine-months funding (\$0.1M) for one position to provide legal support for the increased number of cases undertaken by the multi-disciplinary team at Stuart House.
- Police Litigation Division: Nine-months funding (\$0.3M) and three positions to provide additional support for potential workload cases resulting from the enactment of SB 1421 and Assembly Bill (AB) 748, both of which will require that LAPD disclose records and/or produce video and audio recordings of any incident involving the discharge of a firearm at a person by a peace officer, use of force by a peace officer that resulted in death or great bodily injury, and any finding by the LAPD or Police Commission that a peace officer engaged in dishonest or inappropriate behavior.
- Cannabis Regulation and Enforcement Unit: Nine-months funding (\$0.5M) and five positions to increase enforcement and prosecution against illegal cannabis businesses.

The Proposed Budget also provides new services such as Mental Competency Caseload Support (\$0.3M; four positions) for the increased number of mental competency cases which were previously handled by the District Attorney.

City Clerk: The 2019-20 Proposed Budget provides nine-months funding (\$0.05M) and regular authority for one position in the Council and Public Services Division to provide support services for the Department of Cannabis Regulation, to be funded by the Cannabis Regulation Special Revenue Fund. One-time expense funding (\$4.2M) is added in the Salaries, As-Needed, Overtime General, and Elections accounts to conduct the candidate filing portion of the June Special Election to fill the vacancy in Council District 12 and various operations on Election Day. Funding and regular authority for one position is added within the Neighborhood Council Funding Program Division, with the salary cost difference to be absorbed by the Department. Nine-months funding (\$0.1M) and regular authority is added for one position within the Personnel Services Division. In addition, \$8.7M is set aside in the Unappropriated Balance for the March 2020 Primary Nominating Election for the seven even-numbered Council Districts, and if necessary, \$1.1M is set aside in the Unappropriated Balance for the Council District 12 Election Runoff.

City Planning: The 2019-20 Proposed Budget continues funding and staffing for a variety of Departmental programs, including the Mobility Plan and Great Streets Initiative, re:codeLA, Environmental Planning Housing Staff, the Policy Planning Housing Unit, the Expanded Community Planning Teams, Los Angeles River Works, the LAWA Land Access Modernization Program, Ventura and Warner Center Specific Plan Maintenance,

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the Historic Preservation Overlay Zone (HPOZ) Program, Transit Oriented Planning, and the Venice Local Coastal Program.

The 2019-20 Proposed Budget provides City Planning \$8.3M above the 2018-19 Adopted Budget. Nine-months funding (\$1.2M) and resolution authority for two positions is added to support General Plan Updates to be partially funded by the Planning Long-Range Planning Fund. Nine-months funding (\$0.1M) and resolution authority for one position is added to provide support for the Civic Center Master Plan. Funding (\$2M) and resolution authority for six positions is added to enforce the short-term rental ordinance. Funding (\$0.1M) and resolution authority for one position is added to provide entitlement processing services for major projects located in the San Fernando Valley to be funded by the Planning Case Processing Fund. Funding and regular authority for three positions is added to meet the Department's current operational need. Nine-months funding (\$0.05M) and resolution authority for one position is added to oversee the payroll operations of the Department to be funded by various funds in the Department.

The Proposed Budget also adds one-time funding for various programs and services in the Contractual Services Account, including studies on cannabis consumption lounges and environmental review and clearances for the Department of Cannabis Regulation (\$0.2M) which will be funded by the Cannabis Regulation Special Revenue Fund; environmental and transportation studies for the Slauson Corridor Transit Neighborhood Plan, which will be reimbursed by the LACMTA (\$0.3M); increased funding (\$0.1M) for a contractor to process new Mills Act property applications and inspect new properties; Environmental Impact Report Review services (\$0.5M) which will be funded by the Case Processing Special Revenue Fund; and website development (\$0.3M) which will be funded by the City Planning Systems Development Fund.

Controller: The Proposed Budget includes resolution authority and funding to continue and increase services for several programs, including:

- Funding (\$0.1M) and resolution authority for one position to provide the Controller with advice and assistance in the areas of legislative policies and liaison/constituent services.
- Funding (\$0.1M) and resolution authority for one position to support the Procurement Module of the Financial Management System.
- Funding (\$0.1M) and resolution authority for one position for the transition from the City's current payroll system (PaySR) to a replacement system.
- Funding (\$0.3M) and resolution authority for two positions to continue a comprehensive reconciliation of all City special fund balances.

The Proposed Budget also adds funding (\$0.4M) and resolution authority for four positions to support the implementation of the Citywide, centralized human resources and payroll solution that will replace the 20-year-old PaySR payroll application. Funding in the 2018-19 Budget for this purpose will be reappropriated.

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Convention Center and Tourism Department: The Mayor's Proposed Budget adds Tourism Consulting and Advisory Services (\$0.3M) in the Contractual Services Account for services related to the second phase of the development of a strategic plan to increase tourism in the City. The Proposed Budget also includes financing \$4.4M in the Capital Improvement Expenditure Program for capital improvements to the Convention Center for building automation system upgrade, room lighting dimming control system upgrade, and walk-in coolers replacement and refurbishment.

Cultural Affairs: The 2019-20 Proposed Budget includes one-time funding (\$1.1M) in the Special Appropriations III Account to complete Phase 2 of the City Hall Lighting Public Art project. Funding (\$0.6M) and regular authority is provided for seven positions supporting the Madrid Theater, Barnsdall Gallery Theater, Barnsdall Art Center and Junior Art Center, and the Lincoln Heights Youth Arts Center. Additional funding is provided for the Watts Towers Art Center and Charles Mingus Youth Art Center (\$0.2M), the Vision Theater and Manchester Youth Arts Center (\$0.1M), the Madrid Theater Cultural Hub (\$0.2M), and Leimert Park Village Cultural Hub in South Los Angeles (\$0.2M).

Disability: The Proposed Budget continues funding for department programs and includes two new initiatives within the Americans with Disabilities Act (ADA) Compliance Program: Blue Curb Program Staff Enhancement (\$0.1M) and ADA Inspection and Compliance Software (\$0.02M). Nine-months funding and resolution authority for two management analysts is included to support the Accessible Parking Zone Program or the "Blue Curb Program". The ADA Inspection and Compliance Software adds one-time funding for accessibility evaluation software to assist with ADA compliance. There is also a new initiative within the Community Affairs and Outreach program for Unified Homeless Response Center (UHRC) Staff Enhancement (\$0.05M) which provides liaison support between Disability and the Mayor's UHRC.

Economic and Workforce Development: \$24.3M is included in the 2019-20 Proposed Budget for the Department, of which \$8.4M will be from the General Fund. The Department's 2019-20 Proposed Budget is \$1.7M (6.6 percent) lower than the 2018-19 budget. The majority of funding for EWDD comes from the Workforce Innovation Opportunity Act Fund (\$12M) and the Community Development Trust Fund (\$2.4M).

The Proposed Budget continues funding to support the Los Angeles Regional Initiative for Social Enterprise (LA RISE) program, which provides employment to job seekers with a history of homelessness (\$2M), the Day Laborer Center (\$1.2M), and YouthSource Centers, HireLA, and Cash for College (\$1.9M). It continues and adds funding for Economic Development and Job Creation (\$2.2M).

A total of \$1.1M is added for EWDD and the CAO to administer the Gang Injunction Curfew Settlement Agreement, which will provide class members access to job readiness programs. An additional \$6.3M in Reserve for Mid-Year Adjustments is included in the Unappropriated Balance to meet requirements of the Settlement Agreement for a total of

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\$7.4M. The General City Purposes budget includes \$2.7M for the Youth Employment Program.

Ethics Commission: The 2019-20 Proposed Budget adds one-time funding (\$0.03M) in the Salaries, As-Needed Account for administrative support. Nine-months funding (\$0.04M) and resolution authority for one position is added to perform mandatory audits required after each election cycle. Funding and regular authority for one position is added to support the Enforcement Program, with the salary cost difference to be absorbed by the Department. Funding and regular authority for one position is added to support the Audit Program, with the salary cost to be absorbed by the Department. \$0.25M is also included for the Charter-Mandated special prosecutor services.

Finance: The 2019-20 Proposed Budget adds nine-months funding (\$0.6M) and resolution authority for two positions for a new cash acceptance unit in anticipation of the increase in volume and frequency of cannabis businesses' payment of business taxes, which will be due on a monthly basis beginning July 1, 2019. Funding (\$0.4M) and resolution authority for six positions is provided to augment cash acceptance services. Funding (\$0.1M) is added for a delinquent account tracking and management system. To support the CashWiz and Tax Discovery System, funding (\$0.1M) is continued and one regular authority position is added. The Proposed Budget also deletes one-time funding (\$1.1M) that was provided in 2018-19; includes a one-time reduction in funding (\$0.6M) for the Salaries General Account; and reduces funding (\$0.5M) in the Bank Service Fees Account. Funding (\$0.03M) is added for sales tax enforcement data services. One-time funding (\$0.02M) is also added for enhanced cybersecurity protection for Department systems.

Fire: The Mayor's Proposed Budget includes an increase of \$39.3M for Fire-related resources. The Fire Department's operating budget is increased by \$13.3M and \$23.3M is included in MICLEA for the acquisition of fire-related equipment. MICLEA also provides \$2.2M for the installation of electric vehicle chargers at Fire facilities, as well as \$0.48M for facilities maintenance. Funding is also included in the Unappropriated Balance for Fire Shelter Safety Devices (\$0.8M), a Standards of Cover Analysis (\$0.2M) and Mutual Aid Overtime (\$3M).

- 2016 SAFER Grant Implementation: Partial funding (\$4.5M) and continued resolution authority is provided for 48 Firefighter IIIs approved during 2017-18 to continue the implementation of the 2016 Staffing for Adequate Fire and Emergency Response (2016 SAFER) Grant Program. The 2016 SAFER grant enabled LAFD to restore engine companies in Lincoln Heights, Echo Park, Reseda and Mission Hills. An additional \$2.3M from the grant award will be transferred through interim appropriations in 2019-20.
- 2017 SAFER Grant Implementation: \$1.6M is allocated to implement the 2017 SAFER Grant. This includes 25 percent-funding and continued resolution authority for 21 Firefighter IIIs, and funding and regular authority for nine positions consisting of three Apparatus Operators, three Fire Captain Is, and three Engineers of the Fire Department. The 2017 SAFER grant provides staff for a Light Force at Fire Station 28 in Wilmington. An additional \$4.6M from the grant award will be

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transferred through interim appropriations over a three-year period beginning January 7 2019 through January 6, 2022.

- Fast Response Vehicle (FRV) Expansion: Nine-months funding (\$1.1M) and regular authority for 10 Firefighter III positions is provided to expand FRV coverage at Fire Station 9 and to establish an FRV at Fire Station 64 in South Los Angeles.
- Cannabis Inspection Program: \$0.7M and regular authority is provided for four Fire Inspector Is and one Fire Captain I to conduct Fire Life Safety Inspections and hazardous materials inventory and regulation of cannabis facilities, and one Management Analyst position to support LAFD's Certified Unified Program Agency (CUPA) Cannabis Program activities.
- Cannabis Enforcement: The Proposed Budget provides funding (\$1.1M) and resolution authority for 12 positions consisting of one Management Analyst, one Administrative Clerk and 10 Fire Inspector Is to inspect existing illegal cannabis facilities and enforce code compliance in coordination with the Police Department and City Attorney.
- Advanced Provider Response Unit (APRU): Six-months funding (\$0.6M) and continued resolution authority is provided for 10 positions consisting of five Firefighter IIIs and five EMS Advanced Providers to staff five APRUs in partnerships with hospitals throughout the City.
- APRU Expansion: Nine-months funding (\$0.2M) and resolution authority for one EMS Advanced Provider and one Firefighter III is provided to expand the APRU Unit located at Fire Station 62 in Mar Vista. Funding for the EMS Advanced Provider will be reimbursed through a public-private partnership.
- Firefighter Training and Hiring: \$6.1M is provided to train and hire 130 Firefighters for two new academy classes at the Valley Recruit Training Academy. Funding is provided for 22 weeks for a class scheduled to begin in December 2019, and five weeks for a class scheduled to begin in May 2020. Funding is also included for the remaining 20 weeks of training for a class that will begin in 2018-19. \$1.5M is also provided in the Overtime Variable Staffing Account for training costs associated with the operation of the Fire Academy. \$1.2M is allocated for Overtime Variable staffing for Firefighter probationers from prior year academy classes to complete four and nine month field evaluations, skills testing and State Fire training.
- Fleet Replacement Program: \$20M is provided in MICLA financing for the replacement of fire apparatus, vehicles and equipment. This includes four aerial ladder apparatus, 15 ambulances, four brush patrol trucks, seven Emergency Medical Services command vehicles and four triple combination apparatus and other fire-related vehicles.
- Workstation Upgrades: \$2.2M in one-time funding is included to replace and upgrade desktops, laptops, workstations and mobile computer hardware and software to fully migrate to the Microsoft Windows 10 operating system.
- Fire Share of Unrestricted Revenue: Based on the Fire Department's budget allocation, the Department's share of unrestricted revenue will be 16.7 percent (\$886.4M of \$5.3B) in the 2019-20 Proposed Budget. Each one percent equates to approximately \$53M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose.

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General Services: The Proposed Budget continues funding and staff for various programs, including the Asset Management System (\$0.8M), Complete Streets and Vision Zero Programs (\$0.4M), and support for the Pavement Preservation Program (\$0.9M). The Proposed Budget also adds or increases funding for various functions as follows:

- Fleet Maintenance & Warehouse Support: Nine-months funding (\$2M) and regular position authority is added for 13 positions to purchase and maintain equipment and provide warehouse and payment support services.
- Failed Street Reconstruction Program: Nine-months funding (\$0.3M) and resolution position authority is added for two Materials Testing Engineering Associate IIs to support the testing and design requirement for the Failed Street Reconstruction Program. Funding for direct costs is provided by the Street Damage Restoration Fund and Measure M Local Return Fund.
- Custodial Services: Funding and positions for various custodial services were added and include: the Custodian Insourcing Program (\$0.4M), which includes 17 positions; Civic Center Custodial support (\$0.2M); custodial services and expense funding for the Van Nuys Jail (\$0.7M); Civic Center Pest Control Activities (\$0.4M); disinfection equipment for police stations (\$0.2M); custodial services at Harbor Jail (\$0.2M); and the restoration of \$2.4M in Department's Contractual Services Account for citywide custodial services, as the Department is using a phased approach to insourcing currently contracted services.
- Building Maintenance: Nine-months funding (\$0.3M) and regular authority is added for eight positions to provide additional resources to conduct Citywide preventative maintenance at City facilities.
- Real Estate Services: Funding (\$1.5M) is increased in the Contractual Services Account to provide for contractual obligations related to the maintenance and purchase of the Public Works Building.
- Parking Services: Nine-months funding (\$0.07M) and resolution authority is added for one Management Analyst to implement and conduct training for the new visitor parking reservation system for the Civic Center and to assist with the implementation of the City's Electric Vehicle Charger Infrastructure Program.
- Supply Management: Funding (\$1.3M) is added to fully fund the development of a standardized interface to link various systems to the Financial Management System and improve data availability and analysis.

Housing and Community Investment Department: The Department's total funding allocation in the Mayor's 2019-20 Proposed Budget is \$90.5M, of which \$13M will be from the General Fund. The Department's Proposed Budget is \$2.5M (2.9 percent) higher than the 2018-19 Adopted Budget. The majority of funding for HCID comes from the Systematic Code Enforcement Fee Fund (\$32M), the Community Development Trust Fund (\$10.6M), and the Rent Stabilization Trust Fund (\$10.1M).

The 2019-20 Budget adds and continues funding for various Departmental programs and services, including: Underwriting support for the Proposition HHH Program (\$1.4M); Domestic Violence Shelter Operations (\$1.8M); Human Trafficking Shelter Pilot Program (\$0.8M); Sixteen non-profit managed Family Source Centers contracts and a Los Angeles

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Unified School District contract (\$5.6M); and, Accessible Housing Program (\$6.1M) and related Rehabilitation Construction Specialists (\$0.2M).

Separate from, but related to the Department's Budget, is an allocation of \$35M in the General City Purposes budget for: the Homeless Shelter Program (\$28.8M); Operation Healthy Streets (\$5.25M); Los Angeles Homeless Count (\$0.75M); Midnight Stroll Transgender Café (\$0.1M); and Clinica Romero (\$0.1M). HCID oversees contracts with providers that implement the homelessness-related programs, the majority of which are administered by the Los Angeles Homeless Services Authority (LAHSA). In addition, the Unappropriated Balance includes \$6M for the Accessible Housing Program Retrofit Contracts for general contractors to conduct accessibility retrofits.

Information Technology Agency: The Proposed Budget continues funding and staffing for various major ongoing technology projects, including 3-1-1 staffing to reduce Call Center wait times (\$0.7M); support for the Citywide Data Science and Predictive Analytics Team (\$0.3M); payroll system project support and financial management support; and, CyberLabLA to perform cyber security tasks.

In addition, the Proposed Budget includes the following:

- \$1.4M to complete the Automatic Dependent Surveillance-Broadcast avionics upgrade to bring the fleet of Police and Fire helicopters into compliance with the Federal Aviation Administration mandate.
- \$2.5M for urgent public safety equipment replacement needs located at various mountaintop sites.
- \$0.7M to upgrade various components relative to the recently implemented microwave radio routers that the Police Department will use for radio communications.
- Funding and one regular position authority for one Public Relations Specialist II to provide Citywide social media management. Funding will be realigned from the Telecommunications Development Account to the General Fund for this position.
- \$6M for the first year of implementation of the Citywide, centralized human resources and payroll solution that will replace the 20-year old PaySR payroll application.
- \$0.3M to provide a public identity management system that will allow users to register once with the City and use the same identification and password across all City applications.
- \$1.2M to continue installation of Voice Over Internet Protocol (VOIP) in eight Police stations (Bomb Squad, 911 Valley Dispatch Center, Valley Traffic, West Los Angeles, West Valley, Wilshire, Metropolitan Dispatch Center, and Harbor).
- \$0.7M for the Mobile Worker Program Phase 3 for 3,700 mobile phones that will replace the current phone technology.
- \$0.9M to replace ten obsolete switch-routers that are part of the network infrastructure that supports the operations of various City departments.

Library: The Charter-mandated appropriation to the Library Department is increased by \$12.9M for a total allocation of \$191.5M in 2019-20. The Proposed Budget also provides

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funding for various increased services including the Human Resources and Payroll Project, increased security, and Information Technology Infrastructure Enhancement. Nine-months funding (\$0.04M) and regular authority for one position is added to support the Human Resources Section.

The Proposed Budget also includes \$0.7M in the Contractual Services Account for a Facility Master Plan consultant to develop a facility master plan to ensure optimal performance, utility, adaptability, and comfort of library facilities and resources for library patrons and employees. Nine-months funding (\$0.5M) and regular authority for five positions is added to support landscape maintenance.

Neighborhood Empowerment: The 2019-20 Proposed Budget adds nine-months funding (\$0.04M) and resolution authority for one position to enhance the Bureau of Sanitation's 24/7 Customer Care Center by providing recycling program outreach at Neighborhood Council meetings, with funding to be provided by the Solid Waste Resources Revenue Fund. One-time funding (\$0.3M) is added in the Contractual Services account for the Office of Civic Engagement. Funding and regular authority for one position is added to provide support to the Systems and Outreach Division, with the salary difference to be absorbed by the Department.

Personnel: Funding (\$0.9M) and resolution authority is included for 10 positions for the Strategic Workforce Development Task Force and Targeted Local Hire Working Group, both of which were implemented in accordance with the City's Letters of Agreement with the Coalition of Los Angeles City Unions. Funding and staffing is also continued for other departmental programs including staff assigned to the Anytime Anywhere Testing; Payroll System Project; Forensic Evidentiary Examination Reimbursement; Civil Service examination development and administration; Public Safety Recruitment; and Succession Planning and Performance Management. Enhanced human resources support is provided for various departments, including Cannabis Regulation, HCID, Sanitation, Street Services and Transportation.

Police: In total, the Mayor's Proposed Budget includes an increase of \$135.8M for police-related resources. The Police Department's operating budget increases by \$125M, with an additional \$7.8M being provided through MICLA financing for the purchase of a new helicopter and non-patrol vehicles. MICLA also provides \$2M for electric vehicle chargers and \$1.04M for facilities costs. In addition, the Unappropriated Balance includes funding for Sworn Overtime for homelessness initiatives (\$5M), Sworn Overtime for Westlake MacArthur Park (\$0.5M) and Police Department Targeted Sworn Recruitment (\$0.8M)

- **Police Sworn Hiring:** The Proposed Budget assumes the attrition of 490 officers during 2019-20. \$18.7M is provided to hire 559 Officers to offset attrition and attain a force of 10,102 Officers, including 97 assigned to LAPD's Transportation Services Bureau (TSB).
- **Police Sworn Overtime:** The Proposed Budget includes \$165M in Sworn Overtime, a \$47M increase over 2018-19 levels. The increase includes \$3.8M for cost of living adjustments, \$10.4M for non-reimbursable overtime and \$10M in reimbursable overtime. Also included in Sworn Overtime is \$10M for Cannabis

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enforcement, \$0.3M for custody transport details, \$0.04M for Party Car Resource Deployment, \$3.5M for security at Bridge Housing Sites and \$1M for Human Trafficking and Prostitution details in Operations – South Bureau and Operations – Valley Bureau.

- Homeless Coordinator Resources: The Proposed Budget adds funding (\$0.1M) and regular authority for one Police Sergeant II and one Secretary for the Office of Operations' Homeless Coordinator.
- Unified Homeless Response Center: Funding (\$0.4M) for three Police Officer IIs and one Police Officer III is included to staff the Unified Homeless Response Center with one officer allocated to the Mayor's Office and three officers allocated to the Command Post. These officers will ensure coordination of City services relative to homelessness.
- Booking and Dispensary Resources: Six-months funding (\$0.3M) and regular authority is provided for ten Detention Officers (DO) to allow officers to transfer non-violent arrestees to DOs during the booking process and for dispensary support on a 24-hour, seven days a week basis at the Metropolitan, 77th and Valley jails. These positions will reduce the time Police Officers spend at jail facilities and will expedite their return to field duties. This is the first year of a four-year plan to increase DO staffing levels.
- Harbor Jail Reopening: Six months funding (\$1.9M) and regular authority for 27 positions consisting of one Principal Detention Officer, six Senior Detention Officers and 20 Detention Officers is provided to staff the Harbor Jail facility.
- Los Angeles Metropolitan Transportation Authority: The Proposed Budget provides resolution authority and funding (\$62.3M) for 123 positions in alignment with staffing levels approved by the Los Angeles County Metropolitan Transportation Authority (LACMTA) for Year-Three of the five-year contract to provide policing services to LACMTA within the City.
- Replacement Helicopter: \$6.4M in MICLA financing is provided for the purchase of one Airbus H125 helicopter. The Department will retire one patrol helicopter which has exceeded its useful life to maintain a fleet of 17 helicopters.
- Vehicle Replacements: \$2M is provided in contractual services for the leasing of 260 electric vehicles (EVs) for non-emergency passenger service. An additional \$2M is provided in MICLA for the installation of EV infrastructure at various Department facilities. \$6.3M is added for the purchase of a minimum of 140 Black-and-White vehicles, 26 other emergency vehicles and 20 motorcycles. An additional \$1.4M in MICLA financing is provided for the purchase of 21 dual purpose sedans and 20 undercover sedans. \$3.4M is provided in the Capital Finance Administration Fund, Police Vehicles Financing, for the third annual payment on 462 Department vehicles purchased in 2017-18 through lease financing.
- Desktop Computer Replacement: The Proposed Budget includes \$2M to replace the Department's remaining computers that are at end-of-life in 2019-20 and thereafter establish a six-year replacement cycle for the Department's 8,000 desktop computers.
- Records Management System Resources: the Proposed Budget adds one-time funding of \$0.2M and ongoing funding of \$2.1M to the Contractual Services

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Account for the development and deployment of the Records Management System (RMS). RMS will replace 25 antiquated databases and systems, allowing for migration off of the City's mainframe and facilitate information sharing across the Department. An additional \$1.3M is provided for this in the Forfeited Assets Trust Fund.

- Palantir Contract and Servers: \$2M is provided for Palantir Analytical Platform expenses, including replacement of end-of-life servers and ongoing contractual costs. Palantir searches crime reports, arrest records warrant data and other information sources and enables the Department to identify crime trends, find suspects and vehicle locations and collaborate with other law enforcement agencies.
- Police Share of Unrestricted Revenue: based on the Police Department's budget allocation, the Department's share of unrestricted revenue will be 52.5 percent (\$2.8B of \$53B) in 2019-20. Each one percent equates to approximately \$53M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose. Combined with the Fire Department, these two departments receive 69.2 percent of the City's unrestricted General Fund revenues.

Public Works Board: The Proposed Budget continues funding and staffing for various programs and services in the Board of Public Works, including accounting support for the Sidewalk Repair Program; the Incentive Rebate Program; an accounting support for Proposition O; accounting support for MICLA projects; one position to provide financial management of the Public Works Trust Fund; and, funding for the Clean Streets LA Program.

In addition, the Proposed Budget adds the following:

- Increases Contractual Services funding by \$1.8M, for a total of \$11.5M, for the Graffiti Abatement Program for graffiti abatement services to adhere to the State of California mandated Prevailing Wage regulations.
- \$0.05M and regular authority for one position to provide warehouse support focused on improving customer service levels, preventing delays in constituent services, and expanding community cleanup efforts.
- Nine-months funding (\$0.05M) and resolution authority for one position to provide ongoing accounting and financial support services to the SB 1 Program.
- Nine-months funding (\$0.1M) and resolution authority for two positions to manage the accounts payable transactions for the Sewer Construction and Maintenance Fund.
- Nine-months funding (\$0.1M) and regular authority for one Board of Public Works Risk Manager to serve as the Department-wide risk manager.
- Resolution authority, without funding, for one position to provide program management and oversight of the Mobile Pit Stop Program and Mobile Showers expansion. Funding will be provided as an interim appropriation by the Homeless Emergency Aid Program (HEAP).
- Restores funding (\$0.03M) in the Contractual Services Account that was reduced on a one-time basis in the 2018-19 Adopted Budget.

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The Proposed Budget does not continue one position to serve as the Citywide Tree Coordinator. That position is currently vacant and the Proposed Budget transfers the position and function to the Bureau of Street Services.

Public Works Contract Administration: The Proposed Budget continues funding and staffing for a variety of inspection and compliance programs, including the Metro Annual Work Program; the Complete Streets Program, services to the proprietary departments; the City's Sidewalk Repair Program; various transportation work programs, and the Office of Wage Standards Enforcement.

In addition, the Proposed Budget adds the following:

- Nine-months funding and resolution authority for eight positions, and one-time funding in various accounts (\$0.7M) to provide increased inspection and compliance services on major Harbor Department projects. All costs will be fully reimbursed by the Harbor Department.
- Nine-months funding and resolution authority for eleven positions, and one-time funding in various accounts (\$1M) to provide increased inspection and compliance services on major LAWA projects. All costs will be fully reimbursed by the Department of Airports.
- Nine-months funding and resolution authority for four additional inspectors, and one-time funding in various accounts (\$0.4M) to provide increased construction inspection services for the Wastewater Capital Program.
- Hiring Hall employment authority for the Building Operating Engineer classification to address operational needs and support the workload of construction inspection.
- Nine-months funding and resolution authority for one position, and one-time funding in various accounts (\$0.1M) to support the increased case resolution workload in the Office of Wage Standards.
- One-time funding (\$0.1M) for software subscription and support services for an online certification portal to support the Clear Contracting Program.
- One-time funding (\$0.1M) to support the Certification, Outreach, Regulations, and Enforcement (CORE) section to provide additional outreach events associated with the Bureau's Business Inclusion Program.
- Nine-months funding and resolution authority for one position, and one-time funding in various accounts (\$0.05M) to provide additional administrative support.
- Nine-months funding and resolution authority for one position, and one-time funding in various accounts (\$0.1M) to streamline the process used to pay contractors.

Public Works Engineering: The Proposed Budget continues funding for various programs and increases funding and adds position authority in the Bureau, as follows:

- Resolution authority and funding (\$0.1M) for one position to oversee and address the backlog of final map reviews.
- Resolution authority and funding (\$0.1M) for one position related to plan check for Los Angeles World Airport projects.
- Resolution authority and funding (\$0.2M) for two positions to provide public counter service in the Street Vacation and Subdivision Mapping Division.

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- Resolution authority and funding (\$0.2M) for two positions to provide technical support relative to environmental impact review analysis.
- Resolution authority and funding (\$0.2M) for two positions to provide private development plan check expertise.
- Resolution authority and funding (\$1.1M) for ten positions for the Emergency Sewer Repair Program.
- Resolution authority and funding (\$0.4M) for two positions for Active Transportation Projects.
- One-time funding (\$0.2M) for a consultant study relative to the Floodplain Management Plan.
- Unfunded resolution authority for one position to manage the electric vehicle and solar power projects that will be funded through interim appropriations.
- Resolution authority and funding (\$0.1M) for one position to support two Deputy City Engineers.

In addition, the Proposed Budget also adds resolution authority without funding for two positions for Department of Water and Power stormwater capture projects; resolution authority and funding (\$0.2M) for three positions to oversee the Affordable Housing Sustainable Communities (AHSC) Grant projects; resolution authority and funding (\$0.6M) for six positions to form two survey crews for the new Failed Street Reconstruction program; and resolution authority and funding (\$0.1M) for one position to complete the environmental impact study for the Civic Center Master Plan.

Public Works – Sanitation: The 2019-20 Proposed Budget includes funding and staff for the following programs and services in the Bureau of Sanitation:

Citywide Exclusive Franchise System: The Proposed Budget continues funding (\$3.4M) and resolution authority for 36 positions to implement Phase II of the Exclusive Franchise System for Commercial and Multi-Family Solid Waste Collection (RecycLA). Funding (\$1.5M) and resolution authority for 19 positions is continued to implement Phase III of the Franchise System. One-time funding (\$0.3M) is continued in various accounts for printing and binding, transportation, uniforms, office and administrative, and operative supplies.

Nine-months funding (\$2.6M) and resolution authority for 47 positions is added to provide support for the administration of RecycLA. The Proposed Budget also adds one-time funding (\$0.6M) in the contractual services account for waste characterization studies to ensure that franchise haulers are meeting waste diversion goals as set forth in the Franchise Agreements.

Clean Streets Los Angeles Program: Funding (\$3.2M) and resolution authority for 43 positions is continued for the City's nine Homeless Outreach Partnership Endeavour (HOPE) teams. \$2.2M is continued in one-time funding for contractual services, field equipment expenses, uniform expenses, office and administrative support, and operating supplies for a total of \$5.4M. The Proposed Budget adds funding (\$0.5M) and resolution authority for four positions, as well as \$0.25M in one-time funding in various accounts for

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contractual services, field equipment expenses, uniform expenses, office and administrative support, and operating supplies to staff an additional HOPE team.

The Proposed Budget also continues funding (\$3.7M) and resolution authority for 53 positions to staff five additional Clean Streets Los Angeles (CSLA) teams provided in the 2018-19 Adopted Budget. One-time funding (\$4.8M) is also continued in various accounts for as-needed staffing expenses, contractual services, field equipment expenses, uniforms, office and administrative, and operating supplies, for a total of \$8.5M. These teams are deployed to A Bridge Home locations to remove abandoned waste in the public right-of-way and clean homeless encampments.

The Proposed Budget maintains the total number of CSLA teams at 10 and increases the HOPE teams from nine to 10. The 2018-19 Adopted Budget provided funding for a tenth HOPE team in the UB. The Bureau has not requested a transfer of those funds from the UB to its operating budget. The Proposed Budget provides \$6.5M for the Clean Streets LA/HOPE Expansion to fund the deployment of 11 four-person crews and associated expenses. \$7M in MICLA funding is also provided for the acquisition of vehicles necessary to deploy 11 additional HOPE teams.

The Proposed Budget also adds nine-months funding (\$0.06M) and regular authority for one position to conduct the Clean Streets Safety and Training Program which trains new and existing employees in the CSLA Program on the proper and safe operation of refuse collection vehicles and equipment. Nine-months funding (\$0.1M) and regular authority is added for two positions to provide administrative support to the CSLA Program.

In addition to the above programs and services, the Proposed Budget increases funding and staffing for a number of programs, including:

- Funding (\$0.3M) and resolution authority for three positions to provide engineering support to Green Infrastructure projects within the Upper Los Angeles River Enhanced Watershed Management Plan. These positions are transitioning from their current work on Proposition O projects.
- Nine-months funding (\$0.1M) and regular authority for one position to serve as the designated safety professional at Terminal Island Water Reclamation Plant.
- Nine-months funding (\$0.04M) and regular authority for one position to support the new wastewater maintenance management system.
- Nine-months funding (\$0.1M) and regular authority for two positions to review, issue, and enforce permits for industrial wastewater discharged from commercial cannabis businesses.
- Nine-months funding (\$0.1M) and resolution authority for two positions to provide technical support to the various systems and applications used to administer RecycLA.
- Nine-months funding (\$0.06M) and regular authority for one position to support the systems and applications used by the CSLA Program.

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Public Works Street Services: In addition to continuing Departmental programs and services, the Proposed Budget adds funding and position authority for the following new programs:

- Resolution authority and funding (\$1M) for nine positions to support the Citywide Sidewalk Vending Program.
- One-time funding (\$0.8M) to enforce the Americans with Disability Act requirements on the sidewalks around the MacArthur Park area.
- Resolution authority and funding (\$0.8M) for 11 positions to perform street, bike lane and sidewalk repairs that mitigate the City's liability.
- One-time funding (\$0.3M) to purchase 15 equipment sensors to improve paving efficiency.
- Resolution authority and funding (\$0.1M) for two positions to support the Director and Assistant Directors.
- Resolution authority and funding (\$0.5M) for four positions to enhance the Bureau's public relations, service and utility coordination.
- Resolution authority and funding (\$0.1M) for one position is provided to serve as the City Forest Officer, which was authorized in 2018-19 in the Board of Public Works.

The Proposed Budget increases funding and adds position authority for the following existing programs:

- Resolution authority and funding (\$0.3M) for five positions to staff two new tree watering crews.
- Resolution authority and funding (\$9.5M) for 28 positions for two reconstruction crews for the new Failed Street Reconstruction Program.
- Resolution authority and funding (\$0.1M) for two positions to support the Sidewalk Access Ramp Program.
- Resolution authority and funding (\$0.1M) for one position to provide plan review for the Los Angeles World Airport Landside Access Modernization Program.
- The Proposed Budget also provides \$2M for the reconstruction of concrete streets and \$3M for paving alleys in Council Districts 5, 9, and Citywide.

Recreation and Parks: The Charter-mandated appropriation to the Department of Recreation and Parks is increased by \$14.1M for a total allocation of \$207.5M for 2019-20. The Department will reimburse the General Fund a total of \$49.2M, for pensions, health, and Medicare benefits.

- New Services: Funding (\$0.7M) and regular position authority is added for three systems positions to enhance the Department's data analytic capabilities to increase accountability and efficiencies and one Management Analyst to implement the City's Asset Management System at the department.
- New and Expanded Facilities: Funding (\$2.3M) and regular position authority is added for 14 positions to support new and expanded facilities opening dates next fiscal year.
- Building and Facilities Maintenance: Nine-months funding (\$0.8M) and regular position authority is added for 10 positions to perform maintenance of heating,

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ventilation, and air conditioning (HVAC) systems at all facilities. The Proposed Budget also increases the funding for maintenance and repairs at the Department's pools, water features, sewage ejectors, and pumping systems (\$0.1M) and for the maintenance of gym floors (\$0.2M), and adds funding to install and repair the fire-life safety systems (\$0.3M).

- Land Maintenance: Continues funding (\$0.5M) and adds regular position authority for seven positions to provide bulky item, illegal dumping and encampment abatement services. In addition funding was increased for the Citywide Brush Clearance Program (\$0.3M).
- Enhanced Programs: Funding (\$0.08M) and regular position authority is added for one Recreation Facility Director to expand the operating hours at Campo De Cahuenga. In addition, nine-months funding (\$0.5M) and regular position authority is added for one Recreation Coordinator to develop a Citywide adaptive sports program which includes clinics, classes and team sports programs.
- Utility and Sanitation Costs Increases: Funding is added (\$3.9M) to address water and power rate increases and refuse collection costs.

Transportation: The Proposed Budget provides funding and staff to continue various Departmental programs and services. In addition, the Proposed Budget increases funding and adds position authority, as follows:

- Resolution authority and funding (\$0.2M) for three positions to plan and deliver electric vehicle infrastructure.
- Resolution authority and funding (\$0.1M) for one position to incorporate on-demand mobility services into the Automated Traffic Surveillance Control (ATSAC) system.
- Resolution authority and funding (\$0.05M) for one position in the West Los Angeles Planning Office.
- Resolution authority and funding (\$0.1M) for two positions to support the Affordable Housing and Sustainable Communities (AHSC) program.
- Resolution authority and funding (\$2.7M) for eight positions to provide traffic officer supervision and support, which includes one-time funding (\$1.7M) for new handheld citation issuance devices.
- Resolution authority and funding (\$0.4M) for 10 positions for citation adjudication hearing support.
- Resolution authority and funding (\$0.2M) for one position to update traffic software and several Department systems.
- Resolution authority and funding (\$0.2M) for four positions to implement Phase 1 of the transit service expansion.
- Resolution authority and funding (\$0.05M) for one position to support the Safe Routes for Seniors Program.
- One-time funding is added (\$1.7M) to continue the same level of crossing guard services.

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The Proposed Budget also provides funding and adds position authority for the following new initiatives:

- Resolution authority and funding (\$0.3M) for six positions to manage the dockless scooter share program.
- Resolution authority and funding (\$0.7M) for 16 positions for two crews to support the new Failed Street Reconstruction Program.

The Proposed Budget also restores funding (\$0.8M) for expenses reduced on a one-time basis in 2018-19. Funding was reduced (\$-1.1M) in the Department's salaries account to reflect anticipated savings. Funding was also reduced (\$-0.8M) in several accounts to reflect anticipated expenditures.

Zoo: The 2019-20 Proposed Budget increases the Zoo Department's budget by 11.99 percent, from \$22.8M to \$25.6M and adds a net of 20 new positions. Funding and staff are continued for the Flamingo Encounter visitor experience, Behavioral Enrichment Program, Zoo Nutritionist, Zoo Research and Conservation Director, and expansion of the public class and on-site school programming.

Funding is also included in the Capital Improvement Expenditure Program – Municipal Facilities Projects section to fund the Zoo/LADWP Solar Resiliency Project to repair and repave the Zoo's far north parking in preparation for a Resilient Solar Project (\$0.6M).

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Non-Departmental and Other

Capital Improvement Expenditure Program: Existing policy states that the City shall annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. For 2019-20, the General Fund revenues are projected to be \$6.53B, resulting in a one percent target of \$65.3M. The 2019-20 Proposed Budget provides \$25.3M from the General Fund for various municipal facilities projects in the Capital Improvement Expenditure Program (CIEP). An additional \$15.4M in General Fund appropriations is provided for Sidewalk Repairs, \$31.6M for the Pavement Preservation Program, and \$1M in the General City Purposes budget for capital improvements. The total General Fund amount allocated for capital and infrastructure improvements is \$73.3M or 1.12 percent.

Clean Water CIEP: \$371.1M in CIEP funding is included for Clean Water projects. The CIEP is funded entirely from Clean Water System revenues, including the Sewer Service Charge (SSC) that gives a portion of the revenues to CIEP. The SSC will increase by 6.2 percent on July 1, 2019. Current major capital projects include: construction of various collection system projects (\$157.5M); construction of the Venice Dual Force Main to supplement the main sewer that conveys sewage from the Venice Pumping Plant to the Hyperion Water Reclamation Plan (\$26.6M); and development of an Advanced Wastewater Purification Facility at the Hyperion Water Reclamation Plan (\$16M).

Municipal Facilities CIEP: The total 2019-20 program cost for municipal facilities capital improvements is \$92.7M, consisting of \$20.1M in General Fund appropriations, \$3.5M in special fund appropriations from the Park and Recreational Sites and Facilities Fund, and \$69.1M in Municipal Improvement Corporation of Los Angeles (MICLA) for various projects.

Ongoing municipal facilities capital projects include: critical infrastructure repairs and improvements to address maintenance, health and safety issues (i.e., roof repair, lead paint removal, fire/life safety system upgrades, etc.); assessment and clean-up of contaminated soil at City facilities; and the capital repair programs for the Figueroa Plaza Towers, Marvin Braude Building, Police Administration Building, Public Safety Facilities and the Public Works Building.

In addition, the Proposed Budget includes funding for the following projects that will be paid from the General Fund appropriation to the CIEP: initiation of the environmental impact report process for all remaining phases of the Civic Center Master Development Program (\$1M); Sixth Street Viaduct Replacement Project (\$3.9M); demolition of the existing parking structure at Lot 7 (Tinker Toy) and installation of asphalt, security lighting, landscaping, and storm drain system for on-grade parking (\$2.5M); and development

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Zoo/LADWP Solar Resiliency Partnership Project to repair and repave the Zoo's parking lot in preparation for a Resilient Solar project (\$0.6M).

The Park and Recreational Sites and Facilities Fund will provide \$3.5M to complete various capital improvement projects at Department of Recreation and Parks facilities that have already been approved and are under construction with priority given to fund shortfalls for Proposition K projects.

Various projects totaling \$69.1M have been proposed for MICLEA-issued financing and include: Los Angeles Street Civic Building Project (\$11.3M); installation of electric vehicle charging stations at Fire Department (\$2.2M) and Police Department (\$2M) facilities; renovations of the Madrid Theatre (\$5.5M); and, Sixth Street Viaduct Replacement Project to address a shortfall in the project (\$11M).

Physical Plant CIEP: The Proposed Budget includes \$57.7M in CIEP funding for Physical Plant projects. The Physical Plant CIEP includes stormwater, street, and street lighting projects. The Proposed Budget includes five flood control projects and 11 water quality projects required by the Clean Water Act under the City Enhanced Watershed Management Program Funds totaling \$20.5M from the Measure W Local Return Fund (\$11.1M) and SB1 Road Maintenance and Rehabilitation Fund (\$8.4M). The street-related improvement projects total \$34.1M from the General Fund (\$5.0M); SB1 Road Maintenance and Rehabilitation Fund (\$18.4M), Measure M Local Return Fund (\$9.1M), and Street Damage Restoration Fund (\$2.4M). The street lighting projects, including lighting at pedestrian crosswalks as part of the Vision Zero pedestrian safety program, total \$3.1M from the General Fund (\$0.2M), SB1 Road Maintenance and Rehabilitation Fund (\$2.4M), and Measure M Local Return Fund (\$0.5M).

General City Purposes (GCP): The Proposed Budget decreases GCP funding for programs and services by \$4.9M (2.6 percent), from \$187.3M in the 2018-19 Adopted Budget to \$182.3M in 2019-20. Significant changes in the Proposed Budget are as follows:

- Council Community Projects: The Proposed Budget allocates \$4.4M in one-time funding to fully or partially fund the completion of specific community projects and programs in various Council Districts. This represents a \$9.2M decrease from 2018-19 funding of \$13.6M, primarily due to the elimination of one-time projects and projects being funded elsewhere in the budget.
- Additional Homeless Services (formerly Crisis and Bridge Housing Fund): A total of \$10M, a decrease of \$10M from 2018-19, in one-time funding to establish new crisis and bridge housing beds with hygiene facilities and/or storage for unsheltered individuals experiencing homelessness. These funds will be used for services at new sites.

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- Homeless Shelter Program: An additional \$5.3M is proposed, for a total of \$28.8M in 2019-20, for the Shelter Program, which provides over 800 shelter beds at locations throughout the City from December through March, as well as the City's cash match with the County of Los Angeles to leverage federal grant funds. Funding is increased in 2019-20 for Homeless Engagement Teams, Safe Parking Programs, LAHSA administration, and Coordinated Entry System Navigation Centers that provide services, hygiene facilities, and storage.
- Operation Healthy Streets: \$5.3M is provided for LAHSA to maintain clean-up efforts and services for Skid Row homeless individuals. Funding is also provided in the Bureau of Sanitation's operating budget for this program.
- Homelessness Support: \$0.9M is provided for the Mayor's Office to support initiatives to address homelessness within the City of Los Angeles.
- Clinica Romero: Newly-funded in 2019-20, \$0.1M is allocated for quality affordable health care services that target underserved communities within the Greater Los Angeles area.
- Midnight Stroll Transgender Café: Funding (\$0.1M) is provided to support a safe haven for unsheltered transgender individuals in Hollywood between the hours of 9:00 pm and 7:00 am. Funding was set aside in the UB for this item in 2018-19.
- Census Operations and Outreach: \$2.5M is provided for operations and outreach to ensure maximum participation in the 2020 Census.
- Climate Emergency Community Council: Funding (\$0.2M) is provided to staff the Climate Emergency Community Council as part of the Board of Public Works.
- Discovery Cube Los Angeles (DCLA): Funding (\$0.9M) is provided for DCLA, a non-profit organization that focuses its work around the core initiatives of environmental stewardship, early learning, healthy living, and science, technology, engineering, and math (STEM) education. An additional \$0.9M is provided from the Sewer Construction and Maintenance Fund (\$0.45M) and the Solid Waste Resources Revenue Fund (\$0.45M).
- EmBRACE LA: Level funding (\$1M) from 2018-19 is provided for the EmBRACE LA program to address human relations issues with regard to race, ethnicity, sexual orientation, diversity, and multiculturalism in Los Angeles.
- Lifeline Reimbursement Program: A total of \$10.6M, a decrease of \$1.9M from 2018-19, is allocated to reimburse the Solid Waste Resources Revenue Fund (\$6.3M), Sewer Construction and Maintenance Fund (\$4M), and the Multi Family Bulky Item (MFBI) Fund (\$0.3M) for costs attributed to the Solid Waste Fee Lifeline Rate Program and the low-income subsidy for the Sewer Service Charge (SSC).
- Young Ambassador Program: Funding (\$0.2M) for this new program would expand the horizons of College Promise students by offering overseas travel and opportunities for global affairs education.

Fire and Police Pension Fund (LAFPP): The City's 2019-20 contribution to LAFPP is \$708.7M, an increase of \$20.8M from the 2018-19 contribution. The increase in the LAFPP contribution is due to an increase in both covered payroll and the contribution rate. The contribution rate, as a percentage of salary, is 47.37 percent compared to 46.85 percent in 2018-19. The larger contribution rate is based on the most recent LAFPP valuation which includes an assumed rate of investment return of 7.25 percent. The

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increase in the combined contribution rate is a result of gain layers from the June 2003 valuation being fully amortized, higher than expected salary increases for active members, and higher than expected cost of living adjustments for Tier 1 and 2 beneficiaries. The increase in the contribution was partially offset by a higher than expected return on the value of assets and amortizing the prior year's unfunded actuarial accrued liability over a larger than expected payroll.

The Proposed Budget anticipates paying the entire LAFPP contribution in July 2019 through the use of Tax and Revenue Anticipation Notes (TRANs). As a result, the pension fund is expected to gain additional interest earnings on the payment, which would reduce the required City contribution by 3.3 percent or \$23.2M. The System's funded ratio, using actuarial value of assets, increased from 85.6 percent to 86.9 percent as of June 30, 2018.

Los Angeles City Employees' Retirement System (LACERS): The City's total 2019-20 contribution to LACERS is \$672.9M, a \$74.1M increase from the budgeted 2018-19 contribution. This total includes \$117.5M in payments from Los Angeles World Airports (\$87.2M), Harbor (\$23.2M), LACERS (\$3.9M), and LAFPP (\$3.2M). The City's General Fund portion of the total amount to be paid to LACERS in 2019-20 is \$555.4M, a \$67M increase over the 2018-19 required contribution. The increase is due to increases in the contribution rates and covered payroll and partially offset by a \$26.4M one-time true-up credit to the General Fund.

The Proposed Budget anticipates paying the entire General Fund portion of the contribution in July 2019 through the use of Tax and Revenue Anticipation Notes (TRANs), which will generate a 3.3 percent discount to the City (\$19M). The contribution rate for Tier 1 as a percentage of salary is 29.89 percent compared to 28.31 percent in 2018-19; Tier 3 contribution as a percentage of salary is 27.70 percent compared to 25.88 percent in 2018-19. These rates reflect recent demographic changes adopted by the LACERS Board in 2018, which include revised mortality tables. Economic assumptions remain unchanged with a 7.25 percent investment return assumption. The System's funded ratio, using actuarial value of assets, decreased from 72.8 percent to 71.6 percent as of June 30, 2018.

Targeted Local Hire: The Targeted Local Hire (TLH) Program seeks to target and recruit individuals from vulnerable populations and help provide an alternate pathway into civil service employment. The TLH Program utilizes a six-month on-the-job training period to train employees to perform at the level of the entry-level civil service classification into which they will eventually transition. TLH candidates will serve in one of the following six civil-service probationary classifications before transitioning to a civil service classification: Office Services Assistant, Animal Care Assistant, Assistant Gardener, Assistant Tree Surgeon, Custodial Services Assistant, Garage Assistant, or Maintenance Assistant.

As of March 31, 2019, 519 employees have been hired through the TLH Program since its inception in February 2017. The top-hiring departments are Airports (89), Recreation

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and Parks (62), Police (53), Libraries (39), and the Bureau of Street Services (36). Several departments have hired more than ten TLH applicants between July 1, 2018 and March 31, 2019, including General Services (12), Police (21), Bureau of Sanitation (13), Bureau of Street Services (23), and Recreation and Parks (33).

The 2019-20 Proposed Budget continues funding and resolution authority in the Office of the City Administrative Officer for one Senior Labor Relations Specialist II and one Senior Administrative Analyst II to strategically assess the size and scope of the City workforce and assist with the implementation of the Targeted Local Hire Program. The Proposed Budget also continues funding and resolution authority for 10 positions for the Strategic Workforce Development Task Force and Targeted Local Hire Working Group. Increased funding is provided to the General Services Department for one Senior Custodian I and five Custodians for Civic Center Custodial Support. The five Custodians for this item will be hired through the Targeted Local Hire Program.

MICLA Debt Issue: The Capital Finance Administration Fund includes \$255.3M for debt service cost for outstanding issuances to date. This amount is a \$3.1M (1.22 percent) increase over 2018-19. The Proposed Budget includes \$69.3M in MICLA Capital Equipment financing in 2019-20 for the purchase of Bureau of Sanitation Clean Streets Vehicles (\$7.9M), Bureau of Street Lighting Fleet Replacement (\$1.6M), Fire Department Vehicle Replacement (\$20M), GSD Vehicle and Equipment Replacement (\$10M), Police Department Helicopter Replacement (\$6.4M), Police Vehicle Replacement (\$1.4M) and Traffic Signal Safety Project (\$15M). Debt financing is also proposed for capital improvements for several municipal facilities, including the Civic Center Master Development Program (\$11.3M); Highland Park Constituent Service Center (\$3M); Madrid Theatre (\$5.5M); Nate Holden Performing Arts Center (\$0.44M); North Hollywood Park (\$1M); North Valley (Sunland Tujunga) City Hall Renovation (\$2.4M); Pico House Project (\$2M); Rancho Cienega Sports Complex (\$3.3M); Vision Theater (\$1.1M) and, West Valley Municipal Facility Project (\$0.4M). Also included is Sixth Street Viaduct Replacement Project Supplemental Construction Funding (\$11M) and several projects at the Los Angeles Convention Center totaling \$4.4M.

Unappropriated Balance: The Unappropriated Balance (UB) includes funds identified for specific purposes, including contingencies for accounts that may experience shortages to start-up funding for projects or programs that would need funding during the fiscal year, but are not fully developed at the time the budget is adopted. The 2019-20 Proposed Budget includes \$89.3M in the UB, which is a \$51M decrease from the 2018-19 Adopted Budget allocation of \$140.3M. It should be noted that last year's allocation included approximately \$40M of contingent revenue that was not programmed unless revenues were received.

The 2019-20 Proposed Budget sets aside funding in the UB for various projects, including the following:

- Reserve for Mid-Year Adjustments (\$20M) to address shortfalls that may arise in 2019-20. The Proposed Budget notes that of this amount, up to \$6.4M may be used to meet the requirements of the Gang Injunction Settlement Agreement.

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- Reserve for Extraordinary Liability (\$20M) for liability payouts resulting from judgments or settlements.
- Outside Counsel including Workers' Compensation (\$1.8M) for the City Attorney.
- Repayment of the second installment for Community Development Block Grant Projects (\$2M) to resolve audit findings from the U.S. Department of Housing and Urban Development for past CDBG projects.
- Bank Transition Implementation (\$2M) to assist the Office of Finance in transitioning the City's general banking services to a new banking provider.
- City Planning Extended Home-Sharing Program (\$0.3M) for City Planning to enforce short term rental activity in accordance with the City's Home Sharing Ordinance.
- Civil and Human Rights Commission (\$0.5M) for the commission's formation.
- Clean Streets LA/HOPE Expansion (\$6.5M) for the Bureau of Sanitation to deploy 11 four-person crews and associated expenses.
- Consolidated Municipal Elections (\$9.8M) for the City's share of the costs incurred by the County to conduct the 2020 Primary Nomination Election (\$8.7M) and a potential runoff to the fill the Council District 12 vacancy (\$1.1M).
- Police Department Sworn Overtime – Homelessness Initiatives (\$5M) to provide patrol services surrounding 12 A Bridge Home sites that will be operational sometime during 2019-20.
- Recreation and Parks SwimLA (\$1.3M) to provide the SwimLA program contingent upon an agreement with and full reimbursement by LA2028.
- Recreation and Parks Youth Sports Expansion (\$2M) to provide equitable recreational programming for underserved and disadvantaged youth as part of the City's 2028 Olympic and Paralympic Games legacy youth recreational programs.

Exhibit H “Required Ordinance Changes and Other Budgetary Actions”: Exhibit H outlines actions necessary to be taken by the Council and Mayor in order to implement the Proposed Budget. In past years, the Proposed Budget has also included instructions in Exhibit H and proposals on policy matters for which Council has already taken action, or that may require further refinement and discussion in a Council Policy Committee and full Council prior to endorsement.

Instructions in Exhibit H of the 2019-20 Proposed Budget includes the following requests for Ordinance changes to implement the Proposed Budget:

- Authorize the issuance of an amount not-to-exceed \$1.7B in Tax and Revenue Anticipation Notes to address short-term cash flow needs and to make the full annual contribution payments to LACERS and Los Angeles Fire and Police Pensions Fund.
- Amend Los Angeles Administrative Code Section 5.120.4 (Budget Stabilization Fund) to reflect an updated growth revenue threshold, pursuant to the requirements of the current policy.
- Amend Los Angeles Administrative Code Section 5.111.2 to allow the Cultural Affairs Department to include the rental and use fee structure for each Cultural Affairs managed theater and direct all theater receipts be placed in the Cultural Affairs Trust Fund to be allocated for staffing, programming and maintenance of

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Cultural Affairs managed theaters.

- Clarify the Street Damage Restoration Fee Fund Ordinance to explicitly allow innovative roadway bed treatments, such as Cool Pavement, as an eligible use of the Fund. Innovative roadway treatments may include the use of products that prevent water intrusion and/or delay the deterioration of the roadway bed. A funding cap of eight percent of the Fund's annual revenue for innovative roadway treatments is recommended to be included in the revised Ordinance.
- Increase the Zoo admission fee by \$1 effective July 1, 2019 and instruct the Zoo Department to take necessary steps for the Greater Los Angeles Zoo Association to increase membership fees commensurate with existing discounts and incentives.

Exhibit H also contains a number of instructions and requests to report on a variety of subjects specific to departments. These may include fee studies, classification studies, and other reports on operational issues. Some of these instructions would be more appropriately addressed outside of the budget process.