

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-03385-0011

Date: May 21, 1999

To: The Governmental Efficiency Committee

From: Paul K. Cauley, Acting City Administrative Officer *PKC*
Ronald F. Deaton, Chief Legislative Analyst *RFD*

Subject: **ESTIMATED COSTS TO OPERATE THE DEPARTMENT OF
NEIGHBORHOOD EMPOWERMENT**

At its April 7, 1999 meeting, the Governmental Efficiency Committee (GE) requested the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to provide cost estimates to establish and operate a Department of Neighborhood Empowerment (DONE).

The estimated cost for the DONE's first-year of operation is \$1.4 million, including ongoing costs (\$1.1 million) and one-time costs (\$300,000). During its first year, the DONE will focus on establishing a headquarters office and setting up its operations. First-year costs are based on providing a downtown headquarters, including a communications infrastructure, and hiring a core staff of 12 employees with requisite equipment.

The second-year cost estimate is \$4.4 million, including ongoing costs (\$3.2 million) and one-time costs (\$1.2 million). Second-year costs include 35 staff members for downtown and field offices, and establishing 15 field offices. The Department of General Services (GSD) has provided cost estimates for office needs. Depending on space availability, GSD indicates that locating the DONE in City facilities will be the most cost efficient. If leased space is required for 15 field offices, annual lease costs are estimated to be an additional \$360,000. Actual costs will vary based on the specific location of each office, the required tenant improvements and custodial, security and building maintenance arrangements.

The Information and Technology Agency (ITA) has provided cost estimates of establishing communications networks. These ITA costs are included in the budget estimates described above. ITA has reported that three candidate locations for the downtown headquarters, namely, the Los Angeles Mall, Spring Street or the Figueroa Plaza building already have the necessary communications infrastructure and would be cost efficient choices.

First-year staffing for the DONE is based on the Unified Charter proposal which states that the DONE must: (1) develop a plan to establish a City-wide system of neighborhood councils; and (2) seek public input in developing the plan. As a result, we estimate that first-year staffing would include 12 positions (executive director, assistant executive director, secretary, administrative position, senior systems analyst, five project coordinators, and two clerical positions). The expectation is that all of the positions will assist the executive director with the public input process.

For second-year staffing, we estimate that DONE staffing will expand to 35 positions (executive director, assistant executive director, secretary, administrative position, senior systems analyst, 15 project coordinators, and 15 clerical positions). The expectation is that two positions (one project coordinator and one clerical position) will be assigned to each of 15 field offices. Note that the above field office costs would change proportionately if the actual number of field offices is greater than fifteen. Additional discretionary funding may also be required for individual neighborhood council organizations.

RECOMMENDATION

Note and file.

FISCAL IMPACT STATEMENT

There is no General Fund impact at this time. Actual cost will depend on the number of department staff and the number of field offices. If the City establishes a Citywide system of neighborhood councils, the first-year General Fund impact could total \$1.4 million, including \$1.1 million in ongoing costs and \$300,000 in one-time costs. Second-year General Fund impact could total \$4.4 million, including \$3.2 million for ongoing costs plus one-time costs totaling \$1.2 million. Additional discretionary funding may also be required for individual neighborhood council organizations.