

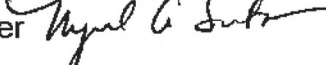
REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 2, 2015

CAO File No. 0220-05189-0000
Council File No. 11-1013-S6
Council District: ALL

To: Eric Garcetti, Mayor
Herb J. Wesson, Council President
Felipe Fuentes, Chair, Energy and Environment Committee

From: Miguel A. Santana, City Administrative Officer 

Reference: Transmittals from the Bureau of Sanitation dated August 28, 2015 and September 25, 2015.

Subject: **Report Back on Viability and Fiscal Impact of Recommendation Nos. 5-8**

SUMMARY

On September 2, 2015, the Energy and Environment Committee requested this Office to report back on the viability and fiscal impact of Recommendation Nos. 5 through 8 from the Bureau of Sanitation's (Bureau) report on illegal dumping cleanup services dated August 28, 2015. On September 25, 2015, the Bureau submitted the attached supplemental report, which provided additional information on the deployment of the third strike team and revised Recommendation Nos. 5 through 8 as follows:

5. Transfer ~~\$750,000~~ **\$900,000** of the \$1.5 million placed in the Unappropriated Balance (UB) in the 2015-16 Adopted Budget as revenue to the Solid Waste Resources Revenue Fund (SWRRF) and increase the SWRRF appropriation to the Bureau's General Salaries Account by the same amount to implement a third strike team to address the service request backlog and support the Clean Streets Initiative (CSI).

~~6. Authorize the following six positions to staff the third strike team:~~

- ~~• Two Maintenance Laborers (ML)~~
- ~~• Two Refuse Collection Truck Operator (RCTO) IIs~~
- ~~• One Refuse Collection Supervisor~~
- ~~• One Environmental Compliance Inspector (ECI)~~

The Bureau will fill existing vacancies to staff the third strike team.

7. Transfer ~~\$750,000~~ **\$600,000** of the \$1.5 million placed in the UB in the 2015-16 Adopted Budget to the Board of Public Works' Contractual Services Account to fund Office of Community Beautification (OCB) contractors to address the service request backlog and support CSI.
8. Authorize the Bureau to hire up to 100 percent of its authorized positions in the Solid Resources Program and extend this authorization to departments providing support to the program, such as the General Services Department (GSD) and Personnel Department, and appropriate \$3.0 million from SWRRF to the Bureau's General Salaries Account.

These four recommendations have budgetary impacts to the General Fund and should be referred to the Budget and Finance Committee with this Office's findings and recommendations for further action. The remaining seven recommendations in the Bureau's report are policy items that the Energy and Environment Committee may consider.

Background

The 2014-15 Adopted Budget included \$5.0 million in the UB to implement a Citywide abandoned waste cleanup program. On October 28, 2014, Council (C.F. 13-0852-S1) approved the Bureau's plan to implement CSI, which includes the creation of two strike teams to address illegal dumping and provide alleyway cleanups. Each strike team is comprised of four Maintenance Laborers (ML) and three Refuse Collection Truck Operator (RCTO) IIs and supported by three Environmental Compliance Inspectors (ECI) and supervised by one Refuse Collection Supervisor. The Bureau received resolution authority for two Refuse Collection Supervisors and three ECIs and filled existing vacancies for the remaining positions. The two strike teams provide each Council District with one dedicated day of service per month and are deployed to the highest need areas of the City during the remaining work days of the month. The highest need areas are determined by a data driven approach using the Bureau's LASANstat program, which tracks level of services provided, frequency of service requests, and tonnage collected.

Pursuant to Executive Directive No. 8, the 2015-16 Proposed Budget included an appropriation of \$8,985,000 in General City Purposes (GCP) to continue and expand the CSI program. These funds were provided to support three strike teams (\$7.25 million), replace and service 1,250 trash receptacles (\$1.10 million), and to implement cleanliness inspectors (\$635,000). Budget Motion No. 14 (C.F. 15-0600-S78) amended the Proposed Budget and transferred \$1.5 million of the \$8.99 million amount from GCP to the UB and instructed the Bureau and this Office to report back with an implementation plan for the CSI program, including details on the allocation of resources across Public Works Bureaus. On August 28, 2015, the Bureau submitted a transmittal in response to Budget Motion No. 14 as well as two other Motions (C.F. 11-10-13-S6 and 14-1499-S2) on the illegal dumping cleanup program. On September 2, 2015, the Energy and Environment Committee requested this Office to report back on Recommendation Nos. 5 through 8 of the Bureau's report.

Recommendation No. 5

The Bureau's report dated September 25, 2015 proposes a hybrid strike team consisting of nine City workers and OCB contractors to address the existing backlog of 892 CSI service requests. In its August 28, 2015 report, the Bureau had initially proposed a six member team and had requested \$750,000. However, given the size of the backlog, the Bureau proposed additional funding and staffing to better address this issue. This growing backlog represents the additional workload that exceeds the capacity of the two existing CSI strike teams. On average, each strike team completes eight CSI service requests per day and the Bureau estimates that at this rate, the third strike team will be able to clear this backlog by March 2017 provided that it becomes operational by November 1, 2015. The Bureau's report also proposes additional funding for overtime or the creation of a fourth strike team to clear the backlog by April or May 2016. This

Office recommends the use of overtime to expedite the clearance of the backlog by April 2016. It is further recommended that the Bureau use up to \$500,000 in overtime funding from its special funds and submit reimbursement requests to the General Fund for actual costs. It should be noted that the \$500,000 estimate in overtime funding is based on current available data on service request volume and the average workload capacity of a strike team and that potential increases in service requests due to the launch of the new My311 application may increase this cost. This Office will work with the Bureau to monitor the volume of service requests and the costs to clear the backlog. The revised budget for the CSI program is as follows:

Positions /Team	Total Positions	Code	Classification	2015-16 Salaries	Overhead*	Total Direct + Indirect Salary	Total Costs
First and Second CSI Strike Teams (12 Months Funding)							
4	8	3112-6	Maintenance Laborer	\$ 56,540	\$ 104,933	\$ 161,473	\$ 1,291,784
3	6	3580-2	Refuse Collection Truck Operator	72,178	133,955	206,133	1,236,798
1	2	4101-0	Refuse Collection Supervisor	97,254	180,494	277,748	555,496
1.5	3	4292-0	Environmental Compliance Inspector	87,046	-	87,046	261,138
9.5	19					Total Costs	\$ 3,345,216
Third CSI Strike Team (9 Months Funding)							
4	4	3112-6	Maintenance Laborer	\$ 42,405	\$ 78,699	\$ 121,104	\$ 484,416
3	3	3580-2	Refuse Collection Truck Operator	54,134	100,466	154,600	463,800
1	1	4101-0	Refuse Collection Supervisor	72,941	135,370	208,311	208,311
1	1	4292-0	Environmental Compliance Inspector	65,285	-	65,285	65,285
9	9					Total Costs	\$ 1,221,812
CSI Support (12 Months Funding)							
	0.5	4289-2	Chief Environmental Compliance Inspector II	\$ 146,512	\$ -	\$ 146,512	\$ 73,256
	1	4102-0	Solid Resources Superintendent	117,573	218,204	335,777	335,777
	0.5	9184-2	Management Analyst II	89,504	166,110	255,614	127,807
	0.5	7213-0	Geographic Information Systems Specialist	77,412	143,669	221,081	110,541
	2.5					Total Costs	\$ 647,381
Total Staff Salaries							\$ 5,214,409
Tip Fees (Assuming 450 tons per team at \$58.50 per ton)							\$ 842,400
Clean Harbors Hazardous Waste Disposal Contract							500,000
OCB Contractors							600,000
Clean Streets Indexing							610,000
Savings							118,191
Trash Receptacle Program – Replace and service 1,250 receptacles							1,100,000
Total CSI Budget							\$ 8,985,000
* Overhead includes employee benefits, equipment, fuel costs, vehicle maintenance, parts, and repair using CAP 37. The Environmental Compliance Inspectors and Chief Environmental Compliance Inspector II are funded by the Stormwater Pollution Abatement (SPA) Fund and the General Fund subsidizes overhead costs so overhead is not included for these positions.							

Approximately \$7.49 million of the \$8.99 million allocated for the CSI program in the 2015-16 Budget was transferred to the Bureau on July 1, 2015 and the \$900,000 in the UB represents the remaining costs of the third strike team that would become operational by November 1, 2015. The Bureau is requesting to transfer the UB funds as revenue to SWRRF and to increase its SWRRF salaries appropriation by the same amount. Although this is the Bureau's current practice of expending GCP and UB funds, it is not a transparent process for reporting and tracking actual expenditures and staff working on CSI and this Office is working with the Bureau to modify this practice to better account for and track General Fund expenditures and staff working on CSI service requests.

For the third strike team, the four Maintenance Laborers and three Refuse Collection Truck Operator IIs will perform most of the CSI work that requires the operation of heavy duty equipment. The Environmental Compliance Inspector will conduct field assessments and identify hazardous waste and refer for proper handling and disposal by Clean Harbor contractors. The Refuse Collection Supervisor is required to oversee the work of the third strike team, which includes the OCB contractors who will be employing local individuals from the community who may have limited job experience.

The revised CSI budget identifies \$118,000 in savings and it is recommended that these savings be provided to the Bureau as contingency funds for unanticipated increases in tip fees, Clean Harbor contractual expenditures, or as reimbursements for overtime associated with clearing the backlog of service requests.

Recommendation No. 6

The Bureau's memo dated September 25, 2015 deleted this recommendation and proposed filling existing vacancies to staff the third strike team contingent upon the approval of Recommendation No. 8 to eliminate the Bureau's salary savings rate.

Recommendation No. 7

Pursuant to Executive Directive No. 8, OCB was instructed to develop a plan for integrating existing non-profit organizations into the CSI program. As such, the Bureau and OCB proposed a hybrid strike team as discussed in Recommendation No. 5. The reduction in funding from \$750,000 to \$600,000 is a result of the delayed implementation for the non-profit component of the hybrid strike team. On September 4, 2015, the Board of Public Works authorized OCB to execute amendments to its existing contracts with 12 non-profit community based organizations that provide citywide graffiti removal services. The amendments will increase the cost ceiling of the existing contracts, create an additional 23.5 new jobs, and expand the scope of work to include litter cleanup and weed abatement. The amount of funding, number of jobs created, and Council Districts serviced by each OCB contractor is provided in the table below:

Contractor	Amendment Amount	Number of Jobs Created	Council Districts Serviced
Central City Action Committee	\$ 35,000	1	1,13
Coalition For Responsible Community Development	50,000	3	9
Gang Alternatives Program	100,000	3	8,9,14,15
Hollywood Beautification Team	50,000	2	4,5,13
Koreatown Youth and Community Center	45,000	2	1,10
Los Angeles Conservation Corps	90,000	3	8,10
New Directions For Youth	40,000	2	2,4,6
Northeast Graffiti Busters	40,000	1	1,2,6,7,14
Pacific Graffiti Busters	45,000	2	5,11
Sylmar Graffiti Busters	25,000	0.5	7,12
Sun Valley Area Chamber of Commerce	45,000	2	2,6
West Valley Alliance	35,000	2	3,12
TOTAL	\$ 600,000	23.5	

These contractors will also be responsible for reporting illegal dumping and abandoned waste for CSI crews. OCB has reported that these additional responsibilities will not divert resources from graffiti abatement, but will create new jobs for CSI work. The partnership with these 12 non-profit organizations will create new jobs for local residents who are considered at-risk or difficult to employ young adults. Although 23.5 new jobs will be created, it should be noted that many of these new jobs are part-time or limited in hours worked as many of these employees are enrolled as full-time students as a condition of their participation in these programs. Nonetheless, these new jobs will provide valuable experience and training for persons seeking full-time career opportunities. OCB also reports that the contractors will enlist approximately 20-40 unpaid volunteers to augment the CSI efforts.

Recommendation No. 8

As part of the City's budget development process, each City department's salary account is budgeted at an established salary savings rate, which reflects anticipated attrition and vacancies in the department's workforce at any given time of the year. This salary savings rate is applied to the total salaries required for a department to fill its total number of authorized positions. Therefore, the total salaries provided in the budget is less a certain amount required for a department to fill its total authorized positions necessitating departments to carry vacant positions. The Solid Resources Program receives a budget of \$80.73 million for salaries (\$78.04 million for SWRRF and \$2.69 million for Multi-Family Bulky Item (MFBI) Fund) to support 1,131 authorized positions (1,094 SWRRF and 37 MFBI positions). The Bureau of Sanitation has three different salary savings rate for each of its three core programs and the Solid Resources Program has a 5.6 percent salary savings rate, which is equivalent to \$4.79 million in SWRRF and MFBI funding or 64 unfunded positions. The following table summarizes how the 2015-16 salary appropriation was calculated and shows the total funding required to fill up to the total authorized positions and the amount reduced for the salary savings rate.

Funding Source	Positions	Funding Required to Support Workforce	Less 5.6 Percent Salary Savings	2015-16 Budget Salary Appropriation
SWRRF	1,094	\$ 82,666,844	\$ (4,629,343)	\$ 78,037,501
MFBI	37	\$ 2,851,684	\$ (159,694)	\$ 2,691,990
TOTAL	1,131	\$ 85,518,528	\$ (4,789,037)	\$ 80,729,491

Historically, the Bureau has carried high vacancy rates in its Solid Resources Program. Over the last three years, the Bureau has been partially exempted from the Managed Hiring process and has carried an average of 167 (166 for SWRRF and one for MFBI) vacancies during this period. However, the Bureau has made significant progress in its hiring and employee retention efforts and is currently reporting 134 (132 for SWRRF and two for MFBI) vacancies. The Bureau is required to hold 64 of the 134 positions vacant to meet its 5.6 percent salary savings rate. The Bureau is in the process of filling 49 RCTO vacancies which will reduce the number of vacancies to 85 and put the Bureau in a position to hire beyond its salary savings rate.

It should be noted that the Bureau implemented the Street Indexing, Operation Healthy Street, and CSI programs by filling existing vacancies and reassigning existing personnel rather than receiving new positions. These additional responsibilities have impacted and diverted resources from the Bureau's curbside collection operations and the Bureau has relied on as-needed staff and overtime to maintain current service levels in its curbside collection program. As the Bureau is proposing to create a third strike team by filling existing vacancies, it is recommended that the Bureau's salary savings rate be reduced for the current fiscal year and that the Bureau receive an additional \$3.0 million appropriation from SWRRF and \$100,000 appropriation from MFBI to allow the Bureau to hire up to its total authorized positions in the Solid Resources Program for the remainder of the year. This recommendation will provide the funds for the Bureau to fill up to 64 additional existing positions to maintain current service levels in its curbside collection program.

It should also be noted that the Bureau has indicated that its approach of filling existing vacancies, while a reasonable approach for addressing the backlog as the City continues the implementation of the new CSI program, may not be a feasible long-term solution. This Office will work with the Bureau to assess staffing needs as part of the 2016-17 Budget development process.

The Bureau's recommendation also extends to GSD and the Personnel Department. GSD receives \$18.87 million in SWRRF and MFBI salaries to support a workforce of 234 positions that maintain the Bureau's fleet and equipment. GSD has a one percent salary savings rate, which is equivalent to \$189,000 in salary funding and two vacant positions. The Personnel Department receives \$530,000 in SWRRF salaries to support a workforce of six positions that provide personnel liaison services. The Personnel Department has a 2.7 percent salary savings rate, which is equivalent to \$14,000 in salary funding and two months funding for one vacant position. This Office finds that the salary savings rate for GSD and the Personnel Department reflect the appropriate level of attrition and vacancies in those departments and no change is recommended. These findings have been shared with the Bureau and the Bureau supports these findings.

Public Outreach Program and Surveillance Cameras

In its September 25, 2015 report, the Bureau states that it is currently developing a Citywide outreach plan, with particular emphasis on communities where illegal dumping and abandoned waste are issues. If residents took full advantage of the Bureau's bulky item pickup and extra capacity programs, it is likely that a significant amount of illegal dumping can be eliminated. The Bureau is looking at barriers to customers requesting bulky item or extra capacity services and developing more effective outreach tools to encourage residents to use these services. This program is being funded from SWRRF and MFBI and the Bureau will report back to Committee in December 2015 on the Citywide outreach plan.

There has also been interest in adding additional resources to the City Attorney's Office and implementing a Citywide surveillance camera program to strengthen enforcement of illegal dumping activities. There is insufficient savings within the CSI budget to support a Citywide surveillance camera program and this program should be evaluated during the development of the City's annual budget. Therefore, it is recommended that this Office report back on the implementation of such a program along with other resources to strengthen enforcement of illegal dumping activities.

Implementation of Executive Directive No. 8 and CleanStreetsLA Strategy

On March 18, 2015, Council (C.F. 14-1499) adopted the CleanStreetsLA strategy, which included recommendations from this Office's Improving Livability in Los Angeles Report. Subsequently, on April 23, 2015, the Mayor issued Executive Directive No. 8 to create the CSI Program. Both the Council action and the Mayor's Executive Directive have the same goal of improving the quality of life and economic prosperity of the City through the removal of trash and blight from City streets and neighborhoods. However, the Executive Directive provides different strategies for achieving these results.

For example, the Council action instructed the Board of Public Works and OCB to establish a Street Condition Observation Unit (SCOUT) program to develop a Citywide cleanliness rating index and to expand the scope of work of its existing OCB graffiti removal contractors to regularly measure the cleanliness of the City's streets and neighborhoods and to proactively identify and report quality of life conditions to the City's 311 System. The Executive Directive instructed the Bureau of Sanitation, in conjunction with OCB, to complete a baseline street-by-street cleanliness assessment and to deploy five full-time CSI inspectors to conduct bimonthly citywide street cleanliness assessments. The Bureau reports that it has deployed staff to conduct the index assessments, which will be completed by December 31, 2015. As this is a different strategy than what Council had adopted, it is recommended that this Office report back with a comprehensive analysis and reconciliation of the Council policy and Executive Directive No. 8 to ensure a cohesive implementation and program.

Source of Funds

This Office is continuing to work with the City Attorney regarding the eligibility of using the Bureau's special funds to support the costs of the CSI program. Additionally, this Office will explore other viable solutions and alternatives. In the interim, the 2015-16 Adopted Budget includes \$3,625,000 in SWRRF funding for CSI and it is recommended that these funds be returned to SWRRF and \$3,625,000 be appropriated from the UB Reserve for Mid-Year Adjustments Account to the Bureau's operating budget. In addition, it is recommended that the Bureau use up to \$500,000 in special funds for overtime to address the CSI service request backlog and submit expenditure reports to this Office for General Fund reimbursement. Lastly, sufficient funds are available in the UB to support the \$1.5 million transfer in Recommendation Nos. 5 and 7.

For Recommendation No. 8, sufficient funds are available within SWRRF and MFBF to support the additional \$3.0 million and \$100,000 salary appropriation. These funds will allow the Bureau to hire additional staff for its core services such as the curbside collection and bulky item programs, which will reduce visual blight and prevent illegal dumping.

RECOMMENDATIONS

That the Energy and Environment Committee:

1. Instruct the City Administrative Officer to report back on the implementation of a Citywide surveillance camera program and other resources required to strengthen enforcement of illegal dumping activities; and
2. Instruct the City Administrative Officer to report back with a comprehensive analysis on the implementation of the CleanStreetsLA Strategy and Executive Directive No. 8;

That the Council, subject to the approval of the Mayor:

3. Authorize the Controller to transfer \$900,000 from the Unappropriated Balance Fund No. 100/58, Account No. 580210 – Clean Streets to Revenue Source Code No. 530100 within the Solid Waste Resources Revenue Fund No. 508 and appropriate \$900,000 from the Solid Waste Resources Revenue Fund to the Bureau of Sanitation's General Salaries Account No. 001010;
4. Reduce the Bureau's salary savings rate from 5.6 to zero percent within the Solid Waste Resources Revenue Fund and Multi-Family Bulky Item Fund for the remainder of the current fiscal year and appropriate \$3.0 million from the available balance within the Solid Waste Resources Revenue Fund No. 508 and \$100,000 from the Multi-Family Bulky Item Fund No. 50D to the Bureau of Sanitation's General Salaries Account No. 001010;
5. Authorize the Controller to transfer \$600,000 from the Unappropriated Balance Fund No. 100/58, Account No. 580210 – Clean Streets to the Board of Public Works' Contractual Services Account No. 003040;
6. Authorize the Controller to reduce appropriations of \$3,625,000 from the Solid Waste Resources Revenue Fund to the Bureau's General Salaries Account No. 001010 and increase appropriations of \$3,625,000 from the Unappropriated Balance Fund No. 100/58, Account No. 580196 – Reserve for Mid-Year Adjustments, to the Bureau's General Salaries Account No. 001010;
7. Instruct the Bureau of Sanitation to expend up to \$500,000 in overtime from its special funds to address the backlog of 892 service requests and instruct the City Administrative Officer to include recommendations in the Financial Status Reports to reimburse the special funds from the Unappropriated Balance Fund No. 100/58, Account No. 580196 – Reserve for Mid-Year Adjustments upon receipt and verification of eligible costs; and
8. Authorize the City Administrative Officer to make technical corrections as necessary to implement the Mayor and Council intentions.

FISCAL IMPACT STATEMENT

The recommendations in this report will have no additional fiscal impact on the General Fund as sufficient funds are available in the Unappropriated Balance Fund No. 100/58, Reserve for Mid-Year Adjustments and Clean Streets Accounts. However, Recommendation Nos. 6 and 7 in this report reduce the amount in the Reserve for Mid-Year Adjustments Account by \$4,125,000 from \$17,000,000 to \$12,875,000 and Recommendation Nos. 3 and 5 in this report will transfer \$1.5 million in remaining funds in the Clean Streets Account to the Bureau of Sanitation and Office of Community Beautification. This report also includes recommendations that would reduce the Bureau's salary savings rate and provide an additional salary appropriation from the Solid Waste Resources Revenue Fund No. 508 and the Multi-Family Bulky Item Fund No. 50D to allow the Bureau to fill up to its total authorized positions within the Solid Resources Program for the remainder of the current fiscal year. There are sufficient funds within these two special funds to support these recommendations. Therefore, the recommendations in this report comply with the City's Financial Policies as sufficient funds are available to support current year expenditures.

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Attachment