

**CITY OF LOS ANGELES**  
CALIFORNIA

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April 23, 2012

Honorable Paul Krekorian  
Chair, Budget and Finance Committee  
c/o City Clerk, Room 395, City Hall  
Los Angeles, CA 90012

Attention: Erika Pulst, Legislative Assistant

**DEPARTMENT OF GENERAL SERVICES 2012-13 PROPOSED BUDGET**

Since 2008-09, GSD's operating budget was reduced by \$67 million. In the 2012-13 Proposed Budget, the Department will lose an additional \$13 million due to consolidations and other budgetary reductions as detailed below. Some major service improvements, including support for the repair and testing of emergency generators and more funding for petroleum were also added to the Department's budget. These additions are also outlined below along with efforts such as energy retrofit projects and commodity contracts that GSD has underway to reduce City costs.

**CONSOLIDATIONS AND OTHER BUDGETARY REDUCTIONS**

- Office of Public Safety (OPS) Consolidation

GSD is reviewing the recently released CAO report on this subject to better understand the impact of this consolidation on GSD's operations. Prior to the transition, GSD and LAPD must develop a Memorandum of Understanding (MOU) to address security issues at City facilities and ensure the level of services provided are consistent with those currently in place.

- Human Resources Consolidation – Phase I

Funding of just over \$1 million and 10 positions will be transferred to the Personnel Department to implement the consolidation of human resource functions. These 10 positions include the professional staff that currently provides support to over 1,500 positions. They interface on a daily basis with GSD divisions to resolve disciplinary issues. They also help ensure the Department's general and auto liability and workers' compensation payouts remain among the lowest of big City departments.

Due to the unique nature of GSD's operations and the variety of classifications in its workforce, maintaining the appropriate level of human resource services is very



important. A working service agreement between GSD and Personnel is essential to ensuring GSD management can continue to access personnel services when needed and liability payouts remain low.

- **Position Deletions**

A total of 15 position authorities are proposed for deletion. Elimination of these positions will reduce supply, fleet, and other services supporting City departments. GSD is analyzing these reductions and will advise your Committee in a subsequent correspondence if adjustments are needed.

- **Leasing**

Since 2004-05, GSD has steadily worked to move City employees from leased space into City-owned facilities, thereby reducing the Department's Leasing Account by almost 50% to \$14.4 million in the 2012-13 Proposed Budget. Next year's reduction totals \$800,000 and is again the result of lease terminations due to moves into City buildings.

## **SERVICE IMPROVEMENTS**

- **Emergency Generator Equipment Support**

Additional funding and position authorities were provided to ensure 235 emergency generators are properly maintained. In the event of a power outage, these generators provide electricity needed to continue the essential operations of departments such as LAPD, LAFD, EOC, Animal Services, Library and other departments located throughout the City. Funding of \$885,000 and three positions, along with authority to employ Hiring Hall staff, is proposed to be added to GSD.

- **Petroleum**

GSD was named the Ninth Best Fleet in North America based on high rankings in best practices, accountability, technology, collaboration, resource stewardship and cost competitiveness. There are over 38,000 public fleet agencies eligible for this recognition. GSD also received the 2011 Fleet Sustainability Award and over 21 Quality and Productivity awards.

GSD has taken a number of actions to better manage ever increasing fuel costs and improve the efficiency of the fleet including:

- Using multi-year GSD negotiated contracts, the City typically pays \$0.30 less than the price charged at public fueling stations.
- Using alternative fuels over diesel, saving \$13 million over the last 4 years.
- Replacing older vehicles with fuel efficient vehicles (93% of sedans are Hybrid; 70% of refuse trucks and 70% of street sweepers are Alternative Fuel)

- Reducing the fleet, saving over 1 million gallons in annual consumption, a savings of almost \$4 million at today's prices.

GSD has improved vehicle use by installing fuel dispensing and tracking systems to allow City departments to better monitor fuel usage. The Department will continue to focus on better pricing, fleet efficiency and vehicle use strategies to bring down the cost of fuel.

The Proposed Budget provides an additional \$13 million for Petroleum (\$4 million in GSD's Budget and \$9 million in the Unappropriated Balance.) A total of \$48 million will therefore be available for this purpose. This level of funding is consistent with current year expenditures.

- **Council Alterations and Improvements**

The Proposed Budget includes \$100,000 for office alterations and improvements as a result of newly elected officials in the Offices of the Mayor and Controller, and eight Council elections to be held next fiscal year. The cost of repainting and repairing offices and vehicles is expected to exceed the amount budgeted. GSD will report back with an appropriate level of funding needed for this transition.

## **MORE SAVINGS AND COST REDUCTIONS**

In addition to the reductions in petroleum and leasing costs discussed above, GSD will continue the operational efficiencies it has in place to help manage the City's reduced resources. The following are some examples:

- **Energy Conservation Savings:** Earlier this year, the Council authorized the City to issue up to \$12 million in Qualified Energy Conservation Bonds (QECBs) to fund a program to retrofit 52 City buildings. When this retrofit is completed, these buildings will experience a 20 percent reduction in energy consumption and associated cost savings. An additional \$27.8 million can be borrowed under this program to continue future retrofits and achieve additional savings if approved by the Mayor and Council in the future.

The Department is also completing energy retrofit projects funded by \$13 million from an American Recovery and Reinvestment Act (ARRA) Energy Efficiency Conservation Block Grant, and will borrow up to \$3 million from the California Energy Commission to implement more projects at City facilities. Since 2001, GSD has implemented over 180 energy conservation projects, which produced 20 million in kilowatt hour savings and approximately \$2 million in energy cost savings each year. The original program was funded through low interest loans from DWP.

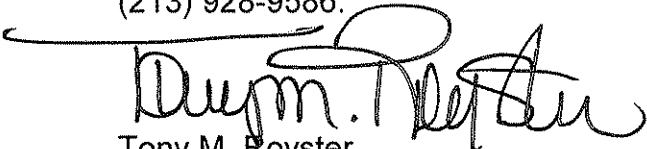
- **Commodity Contract Savings:** GSD has documented more than \$16.2 million commodity and other contract cost savings since 2008. These savings were achieved by relying on procurement strategies designed to maximize the value of each dollar spent. These strategies include: market research studies to

determine if it is in the City's best financial interest to renew or re-bid a contract, and use of the latest technology such as reverse auctions to achieve the best product pricing through on-line bid competitions. Reliance on the City's centralized procurement structure, which requires that all purchases over \$1,000 be funneled through GSD purchasing, also allows the City to fully leverage its purchasing power. The department will continue these strategies and create new ones to obtain the best prices on items purchased.

- Postage Barcoding: GSD's Barcode Automation Program automates outbound mass mailers at a reduced postage rate. Using special equipment and presorting the mail for greater efficiency, staff manually prepares mailers to qualify for the lowest postage rates. This fiscal year, 6.5 million mass mailers were processed through March 2012, with savings of \$1.7 million for departments such as Sanitation and Office of Finance.

The Department and its employees have worked together with the Mayor and Council during these difficult financial times to minimize service impacts stemming from reductions. You can expect the on-going dedication of GSD employees as we continue to support other departments in the delivery of services to City residents. GSD will do its best to meet the challenges of 2012-13.

For additional information, please contact Valerie Melloff, Assistant General Manager, at (213) 928-9586.



Tony M. Royster  
General Manager

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Councilmember Paul Koretz  
Councilmember Bill Rosendahl

Neil Guglielmo, Deputy Mayor

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