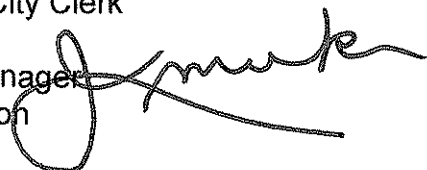


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: April 22, 2014

To: The Honorable Paul Krekorian, Chair
Budget and Finance Committee
Attention: Erika Pulst, Legislative Assistant I
Office of the City Clerk

From: Jon Kirk Mukri, General Manager
Department of Transportation



Subject: **DEPARTMENT OF TRANSPORTATION - COMMENTS ON THE
MAYOR'S PROPOSED BUDGET FOR FISCAL YEAR 2014-2015**

The Department of Transportation and its over 1410 professional public servants are committed to providing the citizens of Los Angeles the exceptional transportation services required of a great city. Our employees understand and support the goals of this Administration while maintaining a citywide balanced budget. This budget while conforming to the City's financial constraints will provide only the most basic transportation services to a rapidly growing and diverse City.

While the Department has generated hundreds of millions in revenues and efficiencies, reinvestment in people, technology and equipment has been deferred or eliminated. Department staffing has been reduced over 30% since 2007. Our Automated Traffic Surveillance and Control (ATSAC) system established the national and international standard for urban traffic management has now reached its current technology and life expectancy.

The Department of Transportation directly contributed over \$1.4 billion since 2007 to the City's General Fund. These funds have come from:

Taxi Franchise Revenue	\$ 22,079,020
Parking Citations	1,074,735,152
SPRF Transfer to General Fund	74,475,009
Other Franchise Revenue	<u>231,505,807</u>
Total to General Fund	\$1,402,794,988

As a diverse revenue generating Department, we expect to be part of the larger City team and family. Our Department's collective efforts are to become more efficient, eliminate waste and generate recurring revenue from providing City services and service regulations.

While contributing to the City's financial health, we cannot lose sight of smart reinvestment to sustain our City's growth and prosperity. Towards that goal, the following are areas of concern and areas of reinvestment if additional revenues are available:

ATSAC CENTER RELOCATION

The Department of Transportation has been working with the Bureau of Engineering and the CAO for over two years to relocate the existing ATSAC Center. The issue is currently being considered by the Municipal Facilities Committee. The ATSAC Center remotely controls every traffic signal in the City from a central location. It also collects tremendous amounts of raw data concerning motor vehicle traffic on City streets. The ATSAC Center is currently located on the P-4 level of City Hall East. The ATSAC Center has outgrown its assigned space as well as the electrical capabilities of City Hall East. The Center has also been known to flood during rain storms. Sewer leaks have also been an occasional issue. The Department working together with the Bureau of Engineering estimates that it will require approximately \$10 million to relocate the ATSAC Center.

STAFFING IMPACTS

The Department's chief concern is its aging workforce in several critical operational areas. Out of 1,442 authorized positions, the Department has 1,310 filled positions and 132 vacancies. Twenty-five percent of its filled positions are occupied by 331 employees who have 25 years or more of service credit. In addition, it has many other employees who are 60 years or older that have less than 25 years of City service. The Department believes that several of these employees will leave City service within the next five years. Several of these employees are in highly skilled craft (i.e. Signal System Electricians, Signal Systems Supervisors, Traffic Marking and Signal Superintendents) or administrative (i.e. Senior Accountants and Senior Management Analysts) positions where there is no backup to absorb these employees' knowledge and expertise. The Department lacks depth in these areas due to attrition, elimination of vacant positions, and the City's refusal to fill these positions through the Managed Hiring Process due to projected shortages in various funding sources. The Department therefore requests that its exemption from the Managed Hiring Process be extended from Traffic Officers to include, as well, administrative, craft, engineering, and planning positions that support revenue generation and collection, Active Transportation, Great Streets, and Pavement Preservation.

REVENUE GENERATION

The Department wishes to take this opportunity that through the years, it has made noteworthy contributions to the City's General Fund. From its administration of the electric line, gas, pipelines, railways, and taxi cabs, the City's General Fund recognized \$258 million during the past ten years (FY 2005 to FY 2014) with \$21.3 million credited in FY 2013, and \$16.8 million credited for the first 9 months of FY 2014. Likewise, during the past ten years, the Department contributed \$1.3 billion to the City's General Fund in Parking Citation revenue with \$156.9 million being contributed in FY 2013 and \$120 million contributed during the first nine months of FY 2014. Furthermore, the Department has further reimbursed the General Fund \$227 million in related costs over the past ten years and also transferred a total of \$74.8 million from the Special Parking Revenue Fund to the General Fund. It has collected this revenue even though it has experienced the loss of key staff in its revenue generating and collection functions.

OTHER ITEMS FOR CONSIDERATION

In addition to its aging work force, the Department does have a few other more specific concerns. The Department faces uncertainty as to whether it will be able to purchase the required supplies and services for the City's Pavement Preservation Program, provide traffic control services at the City's numerous special events, and provide the necessary support for the Metro and Exposition Authority Annual Work Program.

The Department requests that the following items be considered for funding:

Increase Appropriation for Paint and Sign Maintenance and Repair by \$1 Million.

Appropriations for Paint and Sign Maintenance and Repair are primarily used to purchase supplies and services to restripe repaved streets in support of the City's Pavement Preservation Plan. The Mayor's Proposed Budget appropriates a total of \$3,938,103 for Paint and Sign. Apparently, there is also \$845,000 reserved within the Unappropriated Balance for additional Paint and Sign purchases. In FY 2013, the Department expended \$4.96 million for Paint and Sign purchases. For FY 2014, the Department projects total Paint and Sign purchases of \$5.8 million. Given the level of streets the Bureau of Street Services is resurfacing, the Department requests that its Paint and Sign appropriations be increased by \$1 million. The Department believes that replacing lane lines and other safety markings on recently repaved streets increases pedestrian, bicycle, and motorist safety while also reducing the City's liability.

Increased Overtime Appropriation for Special Events by \$4.7 Million. The FY 2015 Budget recommends a \$4,873,992 appropriation for all overtime. This appropriation does not include any appropriation for the Department providing traffic control services for the City's numerous special events. The Department incurred special event overtime charges of \$3,982,884 in FY 2011, \$4,746,417 in FY 2012, \$5,600,474 in FY 2013, and \$4,307,739 up to April 5, 2014 in FY 2014. The Department did receive some reimbursements from the Bureau of Street Services, but ended up absorbing approximately 80 percent of its special event overtime costs by transferring surplus appropriations to overtime. With a new Parking Citation Processing Contract and increased pavement preservation material costs, the Department does not expect to be able to absorb special events overtime in FY 2015. The Department anticipates special event overtime costs of approximately \$4.7 million for FY 2015. The Department also anticipates that for FY 2014, it will receive approximately \$1 million in reimbursements from the Bureau of Street Services for Traffic Control Services and that it will also collect and deposit into the General Fund slightly over \$1 million in reimbursements for Traffic Control Services. The Department expects that \$2 million in revenue for Traffic Control Services will also be generated in FY 2015. The Department therefore requests that its FY 2015 appropriation for Special Events Overtime be increased from zero to \$4.7 million.

Increase Overtime Appropriation for Metro and Exposition Authority Annual Work Program by \$1.7 Million.

Overtime costs incurred on the Metro and Exposition Authority Annual Work Program have been front funded by Proposition C and are generally reimbursed 100 percent by Metro and the Exposition Authority. The Department expended \$1,714,692 in FY 2013 overtime for the Metro and Exposition Authority Annual Work Program in FY 2013 and expects to expend \$1,721,878 in FY

2014. In prior fiscal years, these overtime expenditures were absorbed by transfers from other appropriations. These appropriations have been either eliminated or reduced in FY 2015. The Department recommends that its Proposition C overtime appropriation be increased \$1.7 million to finance expected overtime costs associated with the Metro and Exposition Authority Annual Work Program.

Authorization of a new Transportation Engineer position and Transportation Engineering Aide I position for the Parking Permit Subprogram. The Department requested these two new positions in its proposed budget and its request was not approved. The Department still requires these positions for the Parking Permit Subprogram. The Department has a backlog of 25 requests for new and/or expanded Permit Parking Districts. The additional staff would be used to reduce the current backlog. Once the backlog is reduced, the additional staff would be used to reduce processing time. Funding for these positions is available within the Permit Parking Program Revenue Fund No. 49C. The cash balance within this Fund is over \$6.1 million dollars. The Permit Parking Program Revenue Fund currently funds nine positions that have a total direct salary cost of \$708,269. Estimated FY 2015 total revenue is \$3.1 million. Actual FY 2014 revenue (from July 1, 2013 to April 10, 2014) totals \$2.36 million with the three months in the fiscal year remaining.

Authorization of one new Senior Management Analyst II. The Department requests one new authority for a Senior Management Analyst II. The position would work on the Metro and Expo Authority Work Program. Metro has agreed to reimburse the City for the costs associated with this position. Proposition C would need to provide the front funding for this new position.

Authorization of one new Senior Transportation Engineer for District Office Services. The Department requested one Senior Transportation Engineer for District Office services in its FY 2015 Budget request. This position was not approved. The requested position will be assigned to the West Los Angeles District Office. This office currently has 4,700 open requests. In addition to working on reducing the number of open requests, the requested Senior Transportation Engineer will attend community meetings and provide engineering assistance with regards to various litigation issues. The direct cost of this position is \$129,453. The position would need to be funded 50 percent by Proposition C and 50 percent by the General Fund.

Authorization to upgrade and change Funding Source: Senior Accountant I to a Senior Accountant II. Funding Source change from 100 Percent Proposition C to 50 Percent Proposition C and 50 Percent Measure R. The Department requests that its existing Senior Accountant I position be upgraded and its funding source changed. This upgraded position would be responsible for both the Metro/Exposition Authority Work Program that is funded by Proposition C as well as the professional accounting services required by the City's Measure R Fund. The Department estimates this change would increase direct salary costs by \$14,699 and reimbursement of General Fund costs by \$7,370.

Change Funding Source of an Existing Accountant II from Measure R to Proposition C. The Department has a vacant Accountant II position that was created to work on Measure R. If the above request is approved, the work load associated with

Measure R does not support this position. The Department requests that the funding source for the position be changed from Measure R to Proposition C. The position would then be dedicated on working on the Transportation Grant Fund. The Transportation Grant Fund section currently consists of a Senior Accountant II and two Accountant II's. This section is responsible for providing accounting services for over 250 open grants.

Authorization for a new Accountant II and a new Senior Accountant II. The two requested positions will be assigned to the Transportation Grant Fund Section. If approved, the section would consist of 2 Senior Accountant II and 4 Accountant II. Staff would be responsible for providing accounting services for over 250 grants. The Department estimates that the direct cost of this package to Proposition C would be \$154,303. Indirect costs would be \$77,368.

Authorization for three new Management Assistant positions. The Department requested three new Management Assistant positions in its budget submittal. The request was not approved. These positions will be dedicated to monitoring the parking citation processing contract and performing initial reviews of contested parking citations. Two staff members monitor the parking citation processing contract. The senior member is over 65 years old and the junior staff member has over 28 years of City service. The Department requests to establish three new positions so that existing staff can train replacements. This increase would need to be funded by the General Fund. Total direct costs would be approximately \$166,686 if the positions were filled on the first day of the new fiscal year.

JKM:RA:wdh