

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 26, 2016

To: Honorable Council President Herb J. Wesson, Jr.
Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

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Subject: **DEPARTMENT OF WATER AND POWER – GOVERNANCE REFORM
(C.F. 16-0093) – REPORT BACK ON DWP BOARD SUPPORT**

SUMMARY

On April 13, 2016, the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee (REIGN) (Fuentes – Wesson – O'Farrell; C.F. 16-0093) considered the City Administrative Officer (CAO)/Chief Legislative Analyst (CLA) report on governance reform options for the Department of Water and Power (Department; DWP) dated April 5, 2016. REIGN instructed the CAO and the CLA to report back on various issues, and in some instances, instructed other departments to also report back. To facilitate the discussion, this series of reports will be organized to align with the chapters presented in the earlier report dated April 5, 2016. Where applicable, other departments have participated in the development of the material contained herein.

The focus of this report is on DWP Board support. The Committee instructed the CAO and CLA to report on:

1. Current CAO and CLA staffing in support of the DWP;
2. Suggested DWP Board support staffing levels; and,
3. Identify a timeline for implementation of DWP Board support.

CURRENT CAO AND CLA STAFF IN SUPPORT OF THE DWP

The structure of the CAO division providing ongoing support of DWP proposals to the Mayor, submitted in accordance to the Mayor's Executive Directive 4 (ED 4), primarily involves three (3) positions consisting of one Chief Administrative Analyst (part-time) and two Senior Administrative Analysts (full-time). Subsequent to staff analysis, all reports are reviewed and approved by an Assistant CAO and ultimately approved by the CAO.

The CLA states it provides legislative analysis to the City Council; however, it does not provide direct staff support to the DWP. One position in the CLA administers and reviews DWP proposals submitted for City Council consideration. In response to Council's requests, reports and analyses prepared by the CLA's Office are reviewed and approved by an Assistant CLA

and/or the CLA.

DWP staff support the Board as part of their overall duties. For certain positions, approximately 20 percent of the staff time is for Board support. Additional DWP positions are also assigned, on an as needed basis, to support the Board in various capacities such as security, information technology services, audio/video services, and administrative support.

SUGGESTED DWP BOARD SUPPORT STAFF LEVELS

A unit of the Board dedicated to supporting its analytical and legislative requirements could be structured similar to other commissions in the City. The City's Board of Police Commissioners and Board of Public Works (PW) are both supported by an Executive Director with staff responsible for direct support of the Board members in addition to Board-directed programs (e.g. Police Alarm Permits, PW Accounting, and PW Community Beautification).

The DWP Board receives direct staff support only for clerical and administrative tasks. Analytical and legislative support for the Board is currently provided by various DWP managers who are responsible for preparation of proposals, in addition to various levels of review by the Office of Public Accountability (OPA). From January 2012 through January 2016, the DWP Board considered 1,516 proposals prepared by the DWP. Prior to consideration by the DWP Board, approximately 185 (12 percent) of the proposals were submitted to the Mayor for review and analysis by the CAO, pursuant to the Mayor's Executive Directive 4 (ED 4).

If the DWP Board forms a dedicated support unit for CAO/CLA type support on a similar range of proposals, a similar number of staff could provide satisfactory support to the Board. However, it is likely upon implementing a new unit for Board support, the Board will request review and analysis on a wider range of proposals (i.e. the 88 percent not currently reviewed by the CAO). This would increase the staffing required. However, other reform measures related to delegated authority to the General Manager may reduce the number of overall items requiring Board review and approval.

Considering the scope and complexity of the DWP, we anticipate the DWP Board support unit could initially consist of approximately 6 to 9 positions. The positions could include an Executive Director, an Assistant Executive Director, and staff providing CAO/CLA type analytical and legislative support. DWP estimates the cost of these positions to be approximately \$2 million for salary and overhead expenses. To achieve the desired level of support, the actual number, classification, and status of any positions (exempt or non-exempt) could be determined by the DWP Board with recommendations by the proposed Executive Director.

Organizational Structure: A Board support unit with a traditional hierarchy may be aligned to the DWP Systems consisting of Water, Power, Joint, and the Financial Service Office (FSO). An Executive Director and Assistant Executive Director could oversee four Senior Management Analyst (SMA) level positions, each the primary liaison to a DWP system and the FSO. Additionally, each analyst position could administer the priorities of the Board and facilitate any CAO/CLA type support required through collaboration with various DWP division managers. Exhibit A illustrates this structure.

Another structural option is to flatten the management hierarchy by removing an Assistant Executive Director and increasing the number of SMA-level positions. This may further communication by providing additional liaisons between the Board and the Department. An Executive Director could oversee eight SMA-level positions, each assigned to one of the eight members of the DWP Executive Team. Similar to the previous structure, each analyst position could administer the priorities of the Board and facilitate any CAO/CLA type support required through collaboration with various DWP division managers. Exhibit B illustrates this option.

Exhibit A

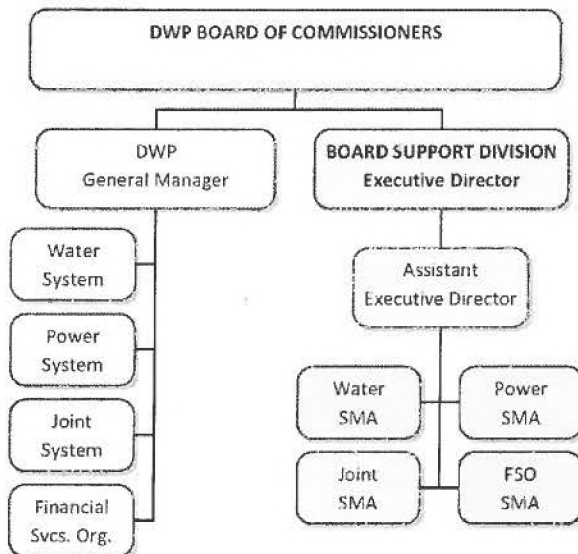
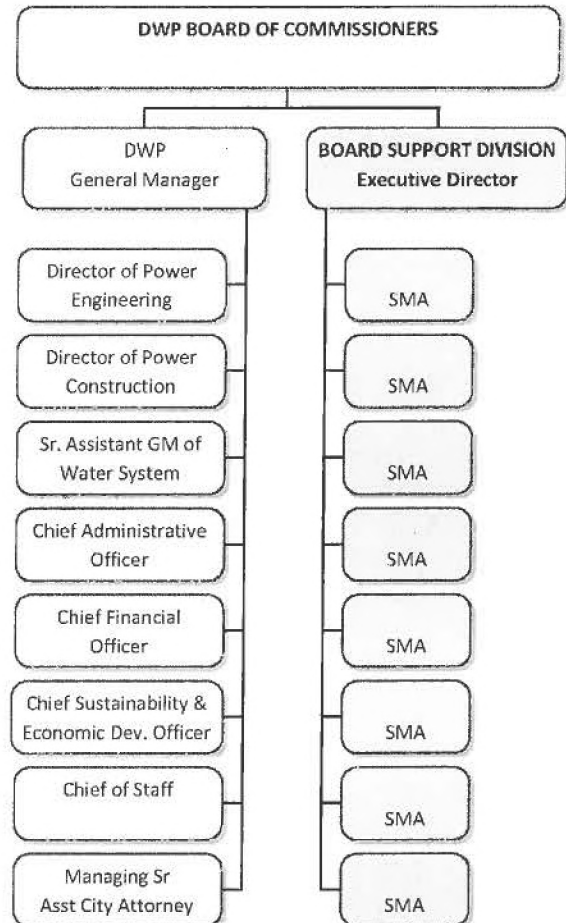


Exhibit B



TIMELINE FOR IMPLEMENTATION OF DWP BOARD SUPPORT

The timeline for implementation of a DWP Board support unit for CAO/CLA type analytical and legislative support varies depending on factors including the use of existing or new positions, the use of non-exempt or exempt positions, and if implementation is through current authority of the DWP and/or Board or subsequent to a Charter amendment relating to Board support. The current DWP Board has not formally requested dedicated analytical or legislative support staff. Nevertheless, as a proposed DWP reform, the following discusses options for implementation of a Board support unit.

i. Assigning DWP Staff to Support the Board – DWP management is authorized to direct the work of existing staff positions to support the Board. As such, DWP could identify and assign existing staff positions (MEA and IBEW civil servants) to a Board support role within a relatively short timeframe. If the positions consist of existing classifications within the DWP, it is estimated to require approximately one to two months certifying a list of eligible candidates, conducting interviews, and selecting candidates. However, DWP asserts a concern of reassigning qualified individuals to a dedicated Board support role could create operational gaps for the DWP.

Alternatively, the Board may direct and authorize the creation of a new Board support unit with new positions for CAO/CLA type analytical and legislative support during its adoption of the annual DWP Budget. If this Board authority is exercised, the hiring authority for these new positions would remain the DWP General Manager. The process of filling new positions for CAO/CLA type functions is anticipated to include the development of new classifications for an Executive Director (exempt) and an Assistant Executive Director (exempt), while utilizing existing classifications for staff level analysts (non-exempt).

DWP estimates the process of creating and filling the new positions providing CAO/CLA type functions may require two to five months as well as Mayor and Council approval for the exempt positions. The hiring process to fill the staff level positions with existing civil service classifications, assuming an active eligible list of candidates is available, could be completed within one to two months. If no eligible list is available, the Personnel Department could initiate an exam process that may extend the hiring process up to 12 months.

These options noted are discretionary for DWP and the Board and not actions for Council to direct.

ii. Authorize the DWP Board to Hire its Own Staff – If approved by a Charter amendment, the Board could replace the DWP General Manager as the hiring authority for new positions providing CAO/CLA type functions in the Board support unit. Following the limited hiring authority provided to the Police Commission, a Charter amendment could (a) authorize the Board to appoint and remove an exempt Executive Director and (b) authorize an Executive Director to appoint and remove the staff assigned to support the Board.

Similar to the previous option, depending on the use of existing or new classifications and the civil service status (exempt or non-exempt), the timeline for filling positions in a Board support unit could vary from one to two months or up to 12 months. This option could not be implemented until after approval of a Charter amendment during the November 2016 or March 2017 election.