

HOLLY L. WOLCOTT
CITY CLERK

SHANNON D. HOPPE
EXECUTIVE OFFICER

City of Los Angeles
CALIFORNIA



ERIC GARCETTI
MAYOR

OFFICE OF THE
CITY CLERK

200 N. SPRING STREET, ROOM 360
LOS ANGELES, CA 90012
(213) 978-1020
FAX: (213) 978-1027

clerk.lacity.org

April 21, 2016

Honorable Members of the Budget and Finance Committee
c/o Richard Williams, Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

**SUBJECT: OFFICE OF THE CITY CLERK - COMMENTS RELATIVE TO THE
PROPOSED 2016-17 BUDGET**

Honorable Members:

In accordance with the Budget and Finance Committee Chair's request of February 29, 2016, the Office of the City Clerk is providing the following impact statement regarding the Proposed Budget.

The Office recognizes 2016-17 remains a difficult budget year, and appreciates key investments proposed in elections and outreach, staffing, and technology. I would like to personally thank the Mayor, the City Administrative Officer, and their staffs for working collaboratively and thoughtfully with the Office of the City Clerk.

The Mayor's Proposed 2016-17 budget includes funding for the core services of the City Clerk. However, I have areas of concern that I will highlight in order to manage service expectations during the next fiscal year.

The City Clerk respectfully requests that the Budget and Finance Committee consider the following changes to the Proposed 2016-17 Budget:

**A. NEIGHBORHOOD COUNCIL FUNDING PROGRAM SUPPORT (BLUE BOOK
ITEM NO. 9) - SALARIES**

REQUEST: Increase the General Fund appropriation to the Salaries General account by \$287,732 to fully fund four new positions for a September 2016 start-date.

IMPACT:

The Neighborhood Council funding program will be transferred to the City Clerk on July 1, 2016. This transfer includes five existing positions and authorizes four new regular authorities. The new authorities are funded for six months. Additionally, the salary-savings rate was increased from 2% to 3%. The combination of only six-months funding for new positions and an increase in the salary-savings rate will result in a salary shortfall at the beginning of the year of \$181,000. Fiscal responsibility dictates that the new positions could not be filled until there is no longer a deficit. This means that we cannot fill the four new positions next fiscal year due to insufficient funding.

This salary shortfall (in addition to the operational issues addressed in section B below) would negatively affect the ability of this Office to properly staff and support the funding program.

One partial solution would be to keep the Office's salary-savings rate at 2%. This would add \$84,352 to our budget. However, an additional \$203,380 is still needed. This appropriation would allow us to fill the new positions by September 2016.

B. NEIGHBORHOOD COUNCIL FUNDING PROGRAM SUPPORT (BLUE BOOK ITEM NO. 9) - OPERATIONS

REQUEST: Commit EmpowerLA (ELA) to secure a written agreement with a new bank and ensure that ELA successfully implements its new accounting system even after officially transferring the funding program to the City Clerk.

IMPACT:

Union Bank is the financial institution used by the Neighborhood Councils to carry out their business. The Bank has been operating without a contract since last year. To address this situation, ELA, working with the Office of Finance, is in negotiations with Finance's contracted bank, Wells Fargo, to determine whether Wells Fargo is willing to replace Union Bank.

While contracting with Wells Fargo is the simplest and preferred way to address the Neighborhood Councils' banking issue, if Wells Fargo chooses not to provide these services, ELA will need to procure a new bank or reinstate the "demand warrant" process.

ELA is also implementing a new accounting system, which must integrate directly with the new bank and be compatible with the City Clerk's systems.

The implementation of both a new bank and accounting system will occur *after* July 1 - the date the City Clerk will be responsible for the Neighborhood Council funding program. This timing puts the City Clerk in the unenviable position of managing a financial process that is still in flux and likely resulting in delayed payments to Neighborhood Councils.

Therefore, this Office strongly recommends that ELA remain a part of the Neighborhood Council funding program until it secures a new bank and its new accounting system is fully functional. This commitment will minimize any disruption in payments/services to the Neighborhood Councils.

C. REPORT BACK ON FUTURE OPTIONS FOR THE USE OF PIPER TECH SPACE CURRENTLY OCCUPIED BY THE CITY CLERK'S ELECTION DIVISION (EXHIBIT H, No. 19)

REQUEST: Consider the use of the current Election Division space for the City Clerk's records/archival storage and elections-related activities.

IMPACT:

While the City Clerk will be relinquishing its elections function to the County of Los Angeles effective 2020, its Election Division will continue to need office and space in Piper Tech now and after it transitions its election activities to the County.

Next year is an election year and the City Clerk will be using that space for that purpose. Beginning with the 2020 elections, Election staff will support the County of Los Angeles by handling candidate filing, nominating petition verification, voter information pamphlets, and outreach. We recommend that the City Clerk handle any special elections prior to 2020 inasmuch as it is generally more expensive for the County to administer a stand-alone election.

Other functions that will continue include initiative/recall/referendums, petition verification, Neighborhood Council and "in-house" elections, such as Coalition and EAA voting. Due to the scale of these voting-related activities and space requirements, warehouse space would continue to be needed.

In addition, this Office is interested in continuing to use the warehouse space even after 2017 for storage and archival purposes. Based on initial analysis, this space could accommodate 200,000 record retention boxes. The only improvements required are the addition of racks, a stock-selector machine and wire guidance system for the stock selectors. Initial estimates for the rack configuration and equipment are \$852,000. Staffing of the new space would be augmented with existing City Clerk staff that may otherwise be displaced.

We spend \$500,000 annually on storage. Piper Tech's 200,000-box capacity at the Election center could eliminate that \$500,000 expense. The payback period for an \$852,000 investment in racks/equipment would be 1.7 years, thus making a viable case for the City Clerk's continued use of the space.

D. FUNDING FOR CLOSED CAPTIONING SERVICES

REQUEST: Reappropriate \$18,000 in unspent current-year closed captioning funds to fiscal year 2016-17.

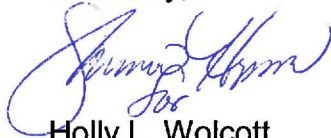
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IMPACT:

This year, the budget provided \$35,000 in Contractual Services to fund closed captioning and transcriptions services for Council and committees. This project was implemented mid-year, resulting in an unused balance. We request that the balance be used to pay for City Health Commission captioning services next year. Without these additional funds, the proposed \$35,000 will be insufficient to pay for all closed captioning services in 2016-17. The Telecommunications Development Account provides funding for these services, therefore, this request has no impact on the General Fund.

My staff and I look forward to developing mutually agreeable solutions with the Office of the Mayor, the Budget and Finance Committee Chair and Members, the City Administrative Officer, and the Chief Legislative Officer and their respective staff.

Sincerely,

A handwritten signature in blue ink, appearing to read "Holly L. Wolcott".

Holly L. Wolcott
City Clerk

HLW/SH:amm
EXE-020-16