



MICHAEL N. FEUER
CITY ATTORNEY

April 21, 2016

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

BY R/S GAC
DEPUTY

CITY CLERK

2016 APR 21 AM 11:40

TECHNICAL
CITY CLERK'S OFFICE

SUBJECT: 2016-17 MAYOR'S PROPOSED BUDGET

Honorable Members:

Thanks to strong support from Mayor Garcetti and the City Council, I've been proud of our office's creative, neighborhood-focused approach to enhancing public safety, vigorously defending the City and successfully tackling a wide range of key civic challenges.

Another top priority of mine has been to develop a robust Risk Management strategy for the City. Working in partnership with your Council, the Mayor's Office and the City Administrative Office, we have begun to make progress. The results of our work to date are summarized in the attached Risk Management Executive Summary. As you can see, we have based this strategy on a meaningful analysis of historical data that identifies the primary risks underlying litigation, considers best practices and engages the entire City family in the difficult work of addressing issues that have long challenged the City. Among other things, the plan highlights the need for:

- collaborative leadership at the executive level;
- improved accountability at the departmental level; and
- enhanced technology to improve the accuracy of the information we collect and analyze to develop responsive and effective risk management strategies.

Through this work, we have focused on identifying and addressing underlying causes of risk--the most essential tool in reducing future claims and litigation against the City--as well as the resulting payouts from these filings.

Prior budgets funded important technological upgrades to help our Office manage litigation and more accurately capture important case data that will serve as the basis of risk management analysis. The Mayor's 2016-17 Proposed Budget strongly supports two important elements of risk management: (1) containing liability payouts by adding urgently needed litigators and litigation support staff to defend the City; and (2) encouraging transparency and accountability at the department level by rethinking the Liability Payouts budget.

The Proposed Budget also reflects my ongoing collaboration with Mayor Garcetti and the Council to increase safety in our neighborhoods by adding nuisance abatement attorneys who will tackle persistent criminal activity – including rampant gang activity, gun violence, narcotics sales and other violent conduct that often spills onto surrounding streets.

As you work to review the Proposed Budget, we recommend adjustments in the following areas:

1) Funding for Outside Counsel

Over the past three years, I have dramatically reduced the use of Outside Counsel through strong case management and by hiring seasoned litigators to resolve some of the most daunting cases facing the City. As a result, in 2015-16, the budget for Outside Counsel was reduced from \$4.0 million to \$2.5 million. While projections for next year support an ongoing reduction, the FY 2016-17 budget should include \$1.75 million, requiring a \$750,000 increase to the funding included in the Mayor's proposal.

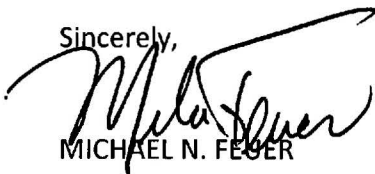
2) Foreclosure Registry Program

Your Council recently approved the Housing and Community Investment Department report regarding the Foreclosure Registry Program (FRP) that includes funding for staff to revamp and enforce the Registry. Due to the timing of the Council action, the Deputy City Attorney III and Paralegal II positions, funded by the Registry, were not included in the Proposed Budget.

Finally, the Proposed Budget includes only six months funding for all new positions combined with a one-time reduction to the City Attorney's salary account (through an increase to the salary savings rate). As you know, this may result in a delay of hiring new attorneys and staff.

Thank you for your continued support and partnership. We are available to provide any additional information that might be useful to your discussion.

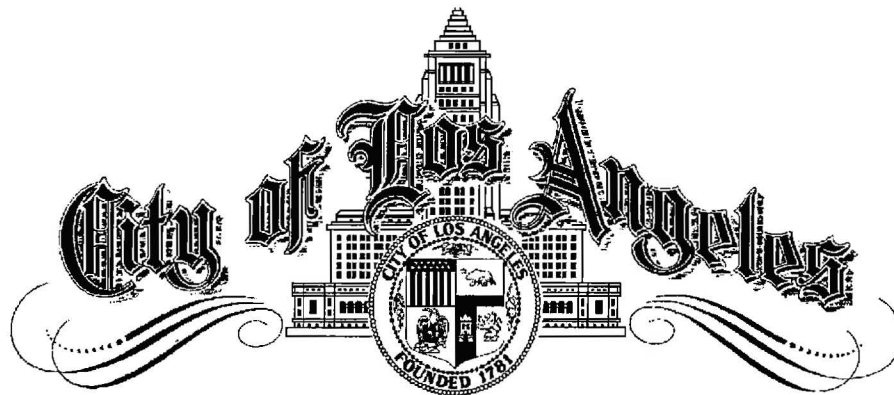
Sincerely,



MICHAEL N. FIEGER
City Attorney

Attachment

cc: Honorable Eric Garcetti, Mayor
Honorable Members of the City Council
Miguel Santana, City Administrative Officer
Sharon Tso, Chief Legislative Analyst



MICHAEL N. FEUER

CITY ATTORNEY

Risk Management – Executive Summary February 2016

Introduction

In December 2015, the City Attorney's Office issued its 2016 Risk Management Plan for the City of Los Angeles. The Office is taking both a top-down and ground-up approach to risk management. The City Attorney's Office is collaborating with the Mayor's Office to enhance the City's safety and management programs and to set the City's risk management priorities, goals and objectives. In addition, the Office is collaborating with City departments and subject matter experts to develop targeted risk mitigation strategies to reduce the departments' most significant, reoccurring risks of harm.

City Attorney's Commitment to Risk Management

The City Attorney has made risk management an Office priority, taking the following actions:

- Established the City's Risk Management Steering Committee (RMSC) in 2014 to engage City leadership in the essential work to reduce risk throughout the City
- Hired a dedicated Assistant City Attorney with private sector risk management experience to lead the Office's risk management effort as the head of the newly formed Claims & Risk Management Division
- Issued a Risk Management Plan in December 2015 setting the Office's risk management strategy, philosophy and priorities
- Acquired and is implementing CityLaw (claims and litigation management system) to provide more accurate data for risk assessment and trend analysis
- Collaborating with the Mayor's office to develop Citywide risk management leadership strategies and structure
- Expanding the RMSC's membership in 2016 to include the Personnel Department General Manager, as well as the general managers of the top 8 impacted City departments to facilitate effective cooperation and oversight over departments' risk management issues and progress on corrective actions
- Organizing risk management sub-committees to provide expert analysis of the City's discrete risk management issues, trends and mitigation options

Risk Management Steering Committee

The RMSC's expanded membership will include:

- Mayor's Office representative
- City Attorney Risk Manager
- City Council Budget and Finance Committee Chair
- CAO Risk Manager
- Personnel Department General Manager (new)
- Top Eight Impacted Departments' General Managers (new):
 - Los Angeles Police Department (LAPD)
 - Bureau of Street Services
 - Department of Transportation
 - Los Angeles Fire Department (LAFD)
 - Bureau of Sanitation
 - Bureau of Engineering
 - Department of Recreation & Parks
 - General Services Department

The RMSC is anticipated to meet in mid-2016, with agenda priorities including:

- Providing updated and consistent liability data to City executive management and departments
- Identification and prioritization of City-wide risks by reviewing the City's historical liability data and conducting root cause analysis of significant reoccurring harms
- Developing City-wide risk management initiatives and reviewing departmental initiatives to address identified risks
- Developing best practice strategies/initiatives to implement the City's risk management priorities, goals and objectives
- Developing metrics to measure implemented risk management strategies' effectiveness
- Discussing risk management expectations in the departments and defining roles of department risk managers
- Sharing best practices and lessons learned
- Standardizing and enhancing processes for tracking corrective actions and the results of mitigation strategies
- Establishing additional RMSC sub-committees to provide expert risk analysis of discrete risk issues, trends and mitigation options (Operations/Risk Managers, Health & Safety/Workers' Compensation and City-wide Training)

The City Attorney's Office Progress on Risk Management

The Office has continued the development of the City's risk management program through the following initiatives:

Partnership with the Los Angeles Police Department

The LAPD has implemented a risk management program under the leadership of Chief of Police Beck and Special Assistant for Constitutional Policing and Policy Arif Alikhan. The City Attorney's Office has partnered with LAPD to develop pilot training programs for workers' compensation and employment liability for use by the rest of the City.

Pilot Program - Workers' Compensation Supervisor Training

Over the last ten years, the City's workers' compensation liability has amounted to approximately 65% of the City's total General Fund liability, while growing over 20%. (Data from Personnel Department Workers' Compensation Division Benefits Expenditures Report [FY '06-07 through FY '15-16] and City Attorney Ten Year City-wide Payouts Historical Report [FY '06-07 through FY '15-16].) In response:

- The Office and LAPD have partnered to create workers' compensation supervisors' training to protect City employees from injuries and unsafe working conditions, while documenting workplace injuries to preserve defenses and facilitate proper claims processing
- Training will be taught to LAPD supervisors in their 2016 supervisors' schools
- Training will also be introduced to LAFD and Department of Recreation & Parks' supervisors in their spring 2016 training programs

Employment Liability Reduction Working Group

Over the last ten years, the City's General Fund employment liability has increased by 60%. (Data from City Attorney Ten Year City-wide Payouts Historical Report [FY '06-07 through FY '15-16].) The Office is organizing the Employment Liability Reduction Working Group as a RMSC sub-committee, which includes City experts from:

- Personnel Department EEO Division
- City Attorney's Office
- CAO Risk Manager
- LAPD Risk Manager

This group will consider employment issues and trends, discuss solutions and make recommendations to the RMSC, as well as to department management.

This includes the threshold priorities of:

- Retaliation (reflects 35% of the City's employment liability over the last ten years)
- Disability Discrimination & Reasonable Accommodation

This sub-committee is anticipated to meet monthly with the inaugural meeting in mid-2016.

Additional RMSC sub-committees will provide the RMSC with expert analysis on the role and best practices of: Operations/Risk Managers, Health & Safety/Workers' Compensation and City-wide Training.

Personnel Department Reasonable Accommodation Process

The Office has partnered with the Personnel Department EEO Division in implementing their Comprehensive Reasonable Accommodation Process throughout the City. The Process has been implemented in the 23 consolidated departments, with training of stand-alone departments and proprietaries completed in December 2015. The LAPD, LAFD and additional departments are being trained on the process and are using the Personnel Department's subject matter experts as a resource.

CityLaw Implementation, Quarterly and Annual Reports

The new CityLaw (litigation management system) with its enhanced reporting features, will allow the Office to revise its Liability Reports, making them more accurate and useful. City and department liability reports will be issued quarterly and annually, organized by underlying cause of the liability and will include all claims, litigation and payout information. These reports will improve City managers' ability to evaluate their liability data, determine their "liability profile," and identify their highest risk practices, conditions and issues.

CityLaw is currently being configured and employees trained on data input, to facilitate accurate, timely and predictable reporting of litigation and liability data. This will ensure that CityLaw's Liability Reports contain data which the City can rely upon.

Risk Management Information System

The Office is collaborating with the Mayor's Office and City Administrative Office in acquiring a Risk Management Information System (RMIS), which will fully align and integrate the City's various data systems. RMIS will coordinate and streamline the City's approach to data collection, analysis and reporting. This will include incorporating and collating the data from the Personnel Department's IVOS system, City Attorney's CityLaw system, and the Controller's PaySR system.

It is anticipated that the RMIS will be used by the City's many risk management stakeholders to increase accountability and measure the success of risk mitigation measures, safety

training and return to work efforts.

RMIS will benefit all City stakeholders by providing:

- Timely liability and injury data
- Enhanced ability to evaluate liability data, conduct trend analysis and identify significant reoccurring risk issues
- Ability to develop targeted mitigation strategies
- Ability to track corrective actions

The RMIS is anticipated to be acquired in mid-2016 and implemented in 2017.

Risk Management Best Practices

The Office has developed the best practices for departments' implementation of a successful risk management program. We expect these best practices will lead to a safer workplace with healthier employees, fewer injuries, higher deployment, improved morale and improved services to the public.

Conclusion

The City of Los Angeles has a vested interest in developing a robust and comprehensive approach to reducing risk. This Office's strong leadership has facilitated the collaboration of the City's executive, budgetary, and legal leadership and advanced their joint commitment to risk management. Through these efforts, the City has created the foundation for an effective risk management program. We look forward to continuing our collaboration with all of our City partners to achieve our collective goals of providing high-quality, vital services while protecting the public and City employees from harm. Success will free resources that are currently spent on litigation, allowing for enhanced City services.