

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 18, 2018

CAO File No. 0220-05424-0000

Council File No. 17-1121

Council District: ALL

To: The Public Works and Gang Reduction Committee
The City Council
The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Motion (Buscaino – Blumenfield – Martinez) relative to establishing a framework for a pilot program that would employ homeless individuals to proactively clean litter from the public right-of-way on a regular, ongoing basis.

Subject: **PILOT PROGRAM TO EMPLOY HOMELESS INDIVIDUALS FOR LOOSE LITTER CLEANUP PROGRAM**

RECOMMENDATIONS

That the Council:

1. Approve the proposed framework for the pilot program;
2. Instruct the Bureau of Sanitation, Office of Community Beautification, and the Los Angeles Homeless Services Authority to report back on the implementation of the proposed pilot program in 2018-19; and
3. Instruct the Bureau of Sanitation, Office of Community Beautification, and the Los Angeles Homeless Services Authority to report back in 12 months from the date of implementation of the pilot program with results and recommendations going forward.

Background

On November 1, 2017, your Committee (C.F. 17-1121) instructed this Office to report back on establishing a framework for a pilot program that would employ homeless individuals to proactively clean litter from the public right-of-way on a regular, ongoing basis. This Office met with staff from Council District Nos. 3 and 15, the co-authors of the Motion, and staff from Chrysalis Enterprises (Chrysalis), Bureau of Sanitation (Bureau), Economic and Workforce Development Department (EWDD), Los Angeles Homeless Services Authority (LAHSA), and the Office of Community Beautification (OCB) to discuss a framework for a pilot program and to solicit input and ideas for this report.

In 2014-15, the Bureau of Sanitation (Bureau) launched the Clean Streets Los Angeles (CSLA) program to address the increasing need and demand for cleanliness services within the public right-of-way. This demand has increased annually and the Bureau has been unable to keep pace with demand despite the additional resources provided each year since the inception of the program. The Bureau's CleanStat program provides a cleanliness score for each of the City's 42,389 road segments and this data allows the Bureau to strategically deploy its resources to the areas with the greatest need. On a quarterly basis, crews drive around the City and score each road segment on the following four cleanliness criteria:

- Overgrown weeds
- Loose litter
- Bulky items and furniture
- Illegal dumping

Bureau staff assigns a score on a scale of 1 to 3 for each of these categories with 1 representing a clean street and 3 representing a not clean street. The scores for these four criteria are used to determine the overall score of the road segment. According to the 2017 First Quarter CleanStat data, there are 954 road segments that received a score of 2 or 3 on the Overgrown Weeds criteria, 1,979 road segments that received a score of 2 or 3 on the Loose Litter criteria, and 216 road segments that received a score of 2 or 3 in both categories. The following chart breaks down these road segments by Council District:

Council District	No. of Road Segments receiving a score of 2 or 3 in Loose Litter category	No. of Road Segments receiving a score of 2 or 3 in Overgrown Weeds category	No. of Road Segments receiving a score of 2 or 3 in both Loose Litter and Overgrown Weeds categories
1	134	14	3
2	81	56	5
3	59	36	6
4	30	18	2
5	65	28	4
6	92	60	9
7	75	66	9
8	387	197	57
9	450	154	52
10	124	63	15
11	55	108	6
12	32	31	3
13	54	7	3
14	155	26	4
15	186	90	38
TOTAL	1,979	954	216

As the data suggests, there is a significant need for weed abatement and loose litter cleanup services across the City. Using homeless individuals to perform this work would provide these individuals with meaningful work experience and an opportunity to beautify their City while providing both an income and an opportunity to transition out of homelessness.

Proposed Framework for Pilot Program

To ensure equal participation for each Council District, it is proposed that one cleanup crew comprised of four to five homeless individuals under the supervision of a supervisor be assigned to each of the Bureau's six district yards. The crews would report to the district yard and be deployed by Sanitation staff using CleanStat data or service request information to road segments that receive a score of 2 or 3 in the Overgrown Weeds and Loose Litter categories. These crews will be provided through a contract with a social enterprise or WorkSource Center. It is also proposed that the contract be administered by OCB and the contract can either be a new contract that is similar to the OCB graffiti abatement contracts or an amendment to the existing OCB graffiti abatement contracts. The contract would require the social enterprise to provide vehicles and tools for each crew, training, supplemental services for participants as needed, as well as indemnify the City from any liabilities.

Partnering with Social Enterprises and WorkSource Centers

The City can provide long-term employment opportunities but does not have the resources to address a homeless individual's barriers to employment nor provide social and assistive services to homeless individuals prior to employment or while they are employed. Similar to the Targeted Local Hire (TLH) program, which partners with social enterprises and WorkSource Centers that can provide these resources, the City should look to partner with these agencies to implement this pilot program. The Business Improvement Districts (BIDs) also employ homeless individuals to perform loose litter cleanups and other cleanliness services around geographically defined areas through contracts with social enterprises. As many of the BIDs contract with Chrysalis for cleanliness and maintenance services, staff from this Office met with Chrysalis to get a better understanding of their organization and the types of services they are able to offer homeless individuals.

Each individual that walks into any one of the three Chrysalis locations (Downtown Los Angeles, Santa Monica, and San Fernando Valley) is assigned a personal Employment Specialist who uses a series of assessment tools and one-on-one meetings to measure an individual's job readiness and develop an individual service plan to guide clients in overcoming barriers to employment. Chrysalis provides the program services (such as resume preparation, mental health counseling, work wardrobe, job interview practice, addressing felony convictions on the job, computer and internet access, scholarship funds, message center, transportation assistance, legal counseling, etc.) to address these barriers. In addition to addressing these barriers, Chrysalis will refer individuals to transitional job opportunities, such as street maintenance crews with the BIDs across the City.

To get a better understanding of the costs to implement the proposed pilot program, Chrysalis was asked to provide an estimated budget for the proposed pilot program discussed above. The proposal includes \$42,000 in one-time startup costs and \$2.91 million in ongoing annual costs. The breakdown of costs by labor, vehicles, equipment, and tip fees are as follows:

LABOR					
No.	Position	Hourly Pay Rate	Related Costs*	Hourly Bill Rate	Annual Cost
6	Supervisor	\$ 17.43	\$15.21	\$ 32.64	\$ 407,347
30	Workers	\$ 13.25	\$12.29	\$ 25.54	\$ 1,593,696
1	Operations Manager	\$ 24.04	\$12.57	\$ 36.61	\$ 76,149
1	Employment Program Manager	\$ 24.04	\$12.57	\$ 36.61	\$ 76,149
1	Program Administrator	\$ 20.00	\$12.81	\$ 32.81	\$ 68,245
Administrative Fee (8% of Labor)**					\$ 177,737
Total Annual Labor Costs					\$ 2,399,323

* Related costs include healthcare benefits, workers' compensation, payroll taxes, liability insurance, unemployment insurance, and program services.

** Administrative Fee includes Chrysalis support services such as human resources, systems support, billing, payroll, and facility expenses.

VEHICLES			
Item Description	Quantity	Monthly Rate	Annual Cost
Leasing and Maintenance	6	\$ 2,466	\$ 177,535
Insurance	6	\$ 326	\$ 23,460
Fuel	6	\$ 1,100	\$ 79,200
GPS Service	6	\$ 30	\$ 2,160
Total Annual Vehicles Costs			\$ 282,354

SUPPLIES AND EQUIPMENT			
Item Description	Quantity	Monthly Rate	Annual Cost
Cleaning Equipment and Supplies	6	\$ 600	\$ 43,200
Drinking Water	6	\$ 60	\$ 4,320
Liners	6	\$ 150	\$ 10,800
Cell Phone Services	6	\$ 150	\$ 10,800
Uniforms	6	\$ 100	\$ 7,200
Total Annual Supplies and Equipment Costs			\$ 76,320

One-time startup costs \$ 42,371

Tip Fees (1.56 tons per day per crew @ \$60/ton) \$ 147,000

TOTAL 2018-19 PROGRAM COSTS \$ 2,947,368

Chrysalis's proposed budget for this pilot program will provide six cleanup crews with each crew consisting of one supervisor and five workers. The scope of work for these crews include removing loose litter and providing weed abatement services as well as removing graffiti, emptying and relining trash receptacles in the area, removing furniture from the public right-of-way, removing litter from gutters and curbs, cleaning tree wells, and washing seating areas. Chrysalis estimates that each crew can clean an average of three to four sites per day and remove 1.56 tons of debris per day. However, the time to clean each site will vary depending on the size of the site, the amount of debris, and the time to travel from site to site. To achieve some savings, the Council can elect to reduce the size of the cleanup crews. The total adjusted budget for the pilot program would be \$2.60 million for six four-person crews and \$2.26 million for six three-person crews. This would reduce the number of participants served as well as reduce the number of sites serviced per day from 4.0 sites for a five-person crew to an estimated 3.2 sites for a four-person crew and 2.4 sites for a three-person crew.

The proposed budget also includes funding for one Operations Manager, one Employment Program Manager, and one Program Administrator who will be hired by Chrysalis as part of their full-time regular staff to support this pilot program. These skilled positions require minimum levels of experience and/or specializations and will not be filled by homeless individuals. The Operations Manager will serve as the single point of contact for the six Sanitation yard supervisors and will oversee the operations of the program. The Employment Program Manager will provide supportive services (such as training, case management, outside employment resources, etc.) to participants in this program and the Program Administrator will conduct orientation for new employees, assign employees to crews, and compile monthly reports. Reductions in crew size could result in additional savings from reduced support services.

These crews will not be cleaning homeless encampments and are not subject to the City's protocols for removal and storage of personal property within the public right-of-way. It is likely that the creation of these crews will free up additional time for the Bureau's CSLA teams to focus on addressing the increasing backlog of homeless encampment cleanup requests. These crews may possibly be required to interact or engage with homeless individuals and may need to be briefed or trained on City protocols.

Continuous work programs are beneficial to homeless individuals as it provides them with a sense of stability and consistency and the proposed budget provides 40 hours per week of full-time employment for 36 positions. These positions will be entitled to sick time, but not vacation or holiday benefits. As with most Chrysalis jobs, these jobs are transitional in nature and the expectation is that as participants promote or transition into other jobs within the program or with the City, it will free up a slot for another individual looking for employment. Chrysalis estimates that this program could serve 250-300 individuals per year. The Program Administrator position discussed earlier will be responsible for transitioning individuals in and out of these 36 jobs. These jobs will provide homeless individuals not just with a source of income, but will strengthen their employability and will teach them the skills to secure and retain long-term work.

The proposed budget also includes \$42,000 for one-time initial startup costs. These costs include the purchase of new uniforms, Chrysalis staff time to work with Sanitation staff to develop the program, training program participants, purchasing and taking inventory of cleaning supplies and equipment, and outfitting vehicles for the pilot program. Potential savings could be achieved if the City is able to repurpose surplus fleet vehicles for this program and provide maintenance and fuel for the vehicles. If the City could take on the vehicle costs for this program, this would reduce the total program budget by \$282,000.

In accordance with Charter Section 371(e)(2), the City would not be required to use a competitive bid process to select a contractor as the duration of the pilot program is short-term and the proposed work is temporary. However, after the conclusion of the pilot program and if the Council elects to continue the program on a permanent basis, a competitive bid process would be required to select a contractor.

Targeted Local Hire (TLH) Program

During your November 1, 2017 Committee meeting, labor leaders expressed a strong interest to seeing these individuals transition to full-time City employment through the TLH program. Through the TLH, participating WorkSource Centers refer individuals from under-served and under-employed communities to City departments for hiring consideration into entry-level classifications such as Maintenance Laborers and Administrative Clerks. Individuals are hired as Vocational Workers and Office Trainees and serve a six-month job training period and an additional six-month probationary period before becoming full-time Civil Service employees.

The TLH program targets residents in under-served communities, which may include homeless individuals, but can also include formerly incarcerated individuals, former gang members, disconnected youth, foster youth, veterans, residents with limited English proficiency, transgender individuals, individuals with disabilities, and older workers protected under the Age Discrimination in Employment Act of 1967. As TLH participants are randomly referred to City departments for hiring consideration, the Bureau cannot solely interview homeless individuals or past participants in the pilot program for hiring consideration. In addition, the TLH is designed to get individuals into full-time employment and can only serve a limited number of individuals whereas the pilot program is designed to be a transitional job program that can serve 250-300 individuals per year. Although this Office supports the TLH and encourages City departments to hire through the TLH, the proposed pilot program and TLH are mutually exclusive and the pilot cannot be incorporated with the TLH for the reasons discussed above. Based on how the TLH was designed, there is no guarantee that a participant in the pilot program will be referred to full-time City employment through the TLH.

If it is the desire of the Council to place a higher emphasis on hiring through the TLH, the Council can provide additional Maintenance Laborer positions or instruct the Bureau to reassign existing Maintenance Laborer vacancies to form six equivalent cleanup crews to be hired through the TLH. In both scenarios, funding would still be required as the Bureau's current vacancies are within special funded positions and the proposed work program is not an eligible expenditure from the Bureau's special funds. The following table compares the costs, number of participants, and service days of the proposed pilot versus an equivalent City workforce:

	Proposed Pilot	City Forces	Change
Program Type	Transitional	Full-time Employment	--
Total Staffing	39 positions	37 positions	(2)
Cost	\$2,947,368	\$4,166,898	\$1,219,530
Service Days	261	238	(23)
Participants	250-300	30	(245)

To replicate the proposed pilot program using regular full-time positions to be hired through the TLH, the Bureau would require 37 positions (one Solid Resources Superintendent, six Refuse Collection Supervisors, and 30 Maintenance Laborers). If City forces were to perform this work, there would also be a reduction of 23 service days for City holidays and vacation days (which are provided after one year of qualifying City service). The City Forces cost estimate is \$1.2 million more than the cost of the proposed pilot. This cost was calculated by replacing the labor costs from the Chrysalis proposal with full-year salaries of equivalent City classifications and only includes costs for pension and healthcare benefits, and does not include other indirect costs such as liability or administrative support costs.

Other Transitional Work Programs Across the Country

When implementing new programs, it is a good practice to research and talk with other cities and agencies that have successfully implemented similar programs. There are several cities across the country that have successfully implemented similar programs, but the program that has received the most media attention is Albuquerque, New Mexico's "There's a Better Way" program. To address the increasing panhandling issue in Albuquerque, the city uses a repurposed van and hires a driver from a local social enterprise to drive around the city and offer panhandlers an opportunity to work for one day cleaning weeds and litter from city streets and public areas. The workers are provided lunch and paid \$9 an hour and at the end of the day, the workers are taken to the social enterprise and given the opportunity to enroll in a variety of social and assistive programs. The city reported that 527 day jobs were created, 50,000 pounds of weeds and trash were removed (equivalent to 128 city blocks), nearly a quarter of the workers took advantage of social services, 84 individuals sought help for behavioral health and substance abuse, 34 individuals were connected to permanent jobs, and eight chronically homeless individuals qualified for permanent housing.

On a more local level, the California Department of Transportation (CalTrans) has a similar contract with Chrysalis to administer a transitional work and permanent job placement program for parolees and probationers. This program provides six work crews to perform litter abatement and maintenance services, which includes weed abatement, graffiti removal, trimming or removal of vegetation, and restoration of vegetation, along freeways. Each work crew consists of one supervisor and six program participants. All program participants are compensated at \$13.25 per hour and for 2018-19, the total program cost is \$3.15 million. The framework for this program is very similar to the pilot program proposed by Chrysalis. This is a City contract (Contract No. C-128422), which is administered by the Mayor's Office, and funded through Caltrans. The City should also explore piggybacking on this existing contract to implement the pilot program.

Source of Funds

This pilot program is not an eligible expenditure from the Bureau's special funds and would be a General Fund obligation. Funding and implementation of this pilot should be considered in the context of the development of the City's Annual Budget to ensure the proper allocation of funds. Since this opportunity has passed for the 2018-19 Budget, the Council may elect to provide an appropriation from the Reserve Fund or reduce funding for another General Fund program. If the scope of work for these crews includes removing debris from storm drains, the Bureau's Stormwater Pollution Abatement (SPA) Fund would be an eligible funding source. However, there is a structural deficit in this fund and any additional appropriation from this fund would essentially be a General Fund obligation. In addition, many of the road segments identified for cleaning are along business corridors or within Neighborhood Council boundaries and the Bureau should explore asking these entities to contribute funding to the program.

FISCAL IMPACT STATEMENT

The implementation of this pilot program will require a \$2.95 million General Fund appropriation, which could be achieved through incremental General Fund revenues, an appropriation from the Reserve Fund, or a corresponding \$2.95 million reduction in other General Fund programs.

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