

# CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



ERIC GARCETTI  
MAYOR

DEPARTMENT OF  
GENERAL SERVICES  
ROOM 701  
CITY HALL SOUTH  
111 EAST FIRST STREET  
LOS ANGELES, CA 90012  
(213) 928-9555  
FAX No. (213) 928-9515

April 24, 2020

Honorable Paul Krekorian  
Chair, Budget and Finance Committee  
c/o City Clerk, Room 395, City Hall  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Assistant

## DEPARTMENT OF GENERAL SERVICES 2020-21 PROPOSED BUDGET

The Department of General Services (GSD) understands the difficult and unprecedented public health crisis and financial uncertainty the City faces, whose impact will be felt well beyond 2019-20 and 2020-21. GSD takes seriously the responsibility to help the City navigate through the current and future challenges. Below are a few examples of GSD's actions during this emergency:

- Enhanced cleaning program at City facilities;
- Procuring test kits and personal protective equipment (PPE) such as N-95 and surgical masks, nitrile gloves and goggles, and disinfectants;
- Supporting the furnishing, cleaning, and maintenance of Recreation and Parks shelters and temporary housing sites; and
- Negotiating Occupancy Agreements for Project Roomkey.

### CONTINUATION OF SERVICES & SERVICE IMPROVEMENTS

Despite the difficult circumstances, the Mayor's Proposed Budget continues a few projects and improves services in key areas.

**Various Custodial Services Increases & Pest Control** - In support of providing a safe and healthy work environment for employees and the public, funding is provided to increase custodial services and pest control services at the Civic Center and other City-owned facilities, including pressure washing and biohazardous waste disposal. These additional resources will offset the impact of Custodial furloughs. Funding is also provided for additional pressure washing at the Library and for mandated living wage increases.

**Automated Processing Software** - Funding is provided to develop software to scan invoices, match the information to purchase orders, and populate invoice data in FMS. This enhancement will improve efficiency and reduce invoice backlog.



**Homelessness** - GSD will continue to complete appraisal and title reports to facilitate the eventual disposition of properties for affordable and homeless housing. Funding in the Contractual Services account is continued to perform appraisals in support of the sale of surplus properties.

**Work Center Control Support** - One resolution authority with funding is provided to improve off-hours service at the Building Maintenance Work Control Center. This will improve response times to emergencies.

**Access Control System Upgrade** – Third year funding is included for a three-year plan to upgrade the City's access control and credentialing system. This upgrade will require installation of new equipment on access control panels, and an extensive review of the database used for issuing City identification cards prior to implementing the new software.

## **BUDGET REDUCTIONS & IMPACTS**

The Mayor's Proposed Budget reduces the Salaries General account by \$16.8 million. GSD cannot manage this one-time reduction without impacting services. GSD will continue to prioritize health and safety issues, but the furloughs and hiring freeze will hamper services across the department. The following are some examples of how the departments GSD supports will be impacted.

- Lower availability rates for all vehicles, including Sanitation vehicles;
- Delays in purchasing replacement vehicles;
- Reduced preventative maintenance and increased corrective maintenance;
- Diminished capacity to source critical supplies and keep accurate inventory counts;
- Inability to properly staff custodial services at LAPD and other facilities, despite increased resources;
- Increased down times for GSD systems used Citywide such as AMS, the fuel automation system, the new FleetFocus M5 System; and
- Deferred fuel site maintenance and repair, and extended fuel site downtime.

The salary reduction will also severely limit GSD's ability to offset chronic deficits in the As-Needed, Hiring Hall, and other accounts with salary savings. GSD has relied on salary savings from vacancies to offset structural deficits for several years and does not expect to continue that in 2020-21. This will further reduce building maintenance and custodial services.

The Proposed Budget also includes expense account reductions.

- **Contractual Services** - The one-time (\$500,000) reduction to Figueroa Plaza funding and ongoing (\$500,000) reduction to Public Works Building funding will defer maintenance at those facilities, which could result in more costly repairs and other expenses.
- **Petroleum** - The General Fund portion of the Petroleum account has historically been underfunded. The one-time \$1 million reduction may further exacerbate the issue if petroleum prices do not remain at their current lows.
- **Utilities** - GSD is projecting a deficit in this account for 2019-20 and does not anticipate usage decreasing next year. The \$450,000 reduction may result in a shortfall for 2020-21 if natural gas prices do not remain at their current lows.

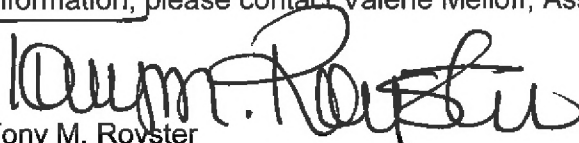
The department will closely monitor accounts and work with the CAO to address shortfalls in the Financial Status Reports.

In addition to reductions to GSD's operating budget, significant reductions were made to the department's CIEP program, including the elimination of the Municipal Buildings Energy and Water Management Conservation Program. This program began in 2014-15 and will save a total of 28 million kWh annually when the 2019-20 projects are completed. Without funding, all audits and retrofit projects to replace HVAC equipment and controls and convert lighting to LEDs will stop.

### REQUESTED ADJUSTMENT

GSD requests that you consider modifying the reduction to Contractual Services (\$500,000) and Utilities (\$450,000) accounts to be one-time instead of ongoing. Continuing these as ongoing reductions in these accounts may increase GSD's overall structural deficit.

GSD looks forward to working with your Committee and the City Council to adopt a budget to keep employees and residents of the City of Los Angeles safe and healthy. For additional information, please contact Valerie Melloff, Assistant General Manager, at (213) 928-9586.



Tony M. Royster  
General Manager

- cc: Budget and Finance Committee:  
Councilmember Curren D. Price, Jr.  
Councilmember Paul Koretz  
Councilmember Bob Blumenfield  
Councilmember Mike Bonin  
Miguel Sangalang, Deputy Mayor  
Richard H. Llewellyn, City Administrative Officer