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REQUEST FOR SERVICE
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FAX: (213) 847-3300
STREETSLA.LACITY.ORG

April 24, 2020

Honorable Paul Krekorian, Chairperson, Budget and Finance Committee
Honorable Budget and Finance Committee Members

RE: CF 20-0600 STREETSLA BUDGET RESPONSE

I want to thank the Mayor's budget team and the CAO's office for their efforts in preparing the proposed FY 2020-21 Budget amid this challenging and uncertain year. We recognize the City's budget reflects the larger economic challenges of the City, and we are ready to "adapt" and aid in the City's recovery, guided by our mission *to enhance the quality of life for all*.

At \$167.6M, the Proposed StreetsLA Budget represents nearly a 20% reduction from last year. I understand this Proposed Budget reflects what we know today and that there will be more changes as the year progresses. I also recognize that some of our funding is not available until January 2021 and is contingent upon realized revenues.

Expected FY 20-21 service delivery impacts are due to the following:

- Furloughs – StreetsLA estimates a 12.5% reduction in service delivery across all operations (10% furloughs plus 2.5% projected attrition);
- Hiring Freeze - Service impacts are even greater if I am unable to hire any existing vacant positions, estimated at another 10% reduction;
- Specific Position/Expense Cuts to Existing Programs – There will be additional service reductions within our risk and liability reduction efforts, tree trimming, median island maintenance, asset management, advanced planning, and grants administration programs, about \$6 million less work performed; and,
- Pavement Preservation Program – Up to \$23.9M in street renewal work, which is the amount that was moved from the StreetsLA Budget into the Special Fund Schedules if revenues are not realized.

I request your consideration of the following for inclusion in your budget actions. Specific recommendations have been *italicized* below and do not require any additional funding:

1) Asset Management to Optimize Service Delivery (Blue Book Item No. 46)

Request: Reinstate five (5) existing filled positions

Holistic planning --integration and inclusion-- is a top priority of mine, and it is critical that StreetsLA implement an Enterprise Asset Management System to achieve efficient operations, enhance service delivery, optimize resources, and align work processes.

One of the highest priorities for our constituents is to expand street sweeping. I believe this can be accomplished with existing street sweeping field resources, to cover most of the City and maximize impact on public health and the environment. However, the analysis and the establishment of new routes requires the support of a consultant on the order of about \$1M over the next two years, and I hope to continue to work with you to address this unfunded need as the budget year progresses.

StreetsLA requests to restore the following five (5) existing positions without funding:

- **One (1) Principal Civil Engineer** - This position was authorized in the 19-20 Budget under the Metro Annual Work Program (19-20 Item No. 48) and we respectfully request that this position be added to Asset Management & Advanced Planning (20-21 Blue Book Item No. 46). The position is currently filled.
- **Two (2) Systems Analysts & Two (2) GIS Specialists** - These key positions were included in the 19-20 Budget for the Street Sweeping Notification Pilot (19-20 Item No. 22) and are critical to our GIS Street Sweeping efforts. The positions are currently filled.

2) Risk & Liability Reduction Restoration (Blue Book Item No. 36)

Request: Reinstate two (2) Risk & Liability Reduction leadership positions

Input from the newly-formed StreetsLA's Stakeholder Advisory Council confirmed safety to be the number one priority. To protect public safety and reduce liability and payouts from unsafe conditions, StreetsLA has worked with the City Attorney's Office on analyzing claim payouts to prioritize and implement repairs on sidewalks and streets, essential to defending the City and minimizing payouts. In other words, cutting the Risk & Liability program will cost the City more in the long-run than it saves today. The proposed Budget would cut 14 positions (-60% staff reduction) from this program.

StreetsLA requests to restore the following two (2) existing positions without funding:

- **One (1) Streets Services General Superintendent II** (In lieu of Risk Manager III approved in 19-20) to oversee specific Risk and Liability Crews
- **One (1) Street Services General Superintendent II** executive to oversee Bureau-wide efforts to improve safety, reduce risk and mitigate liabilities.

3) Transfer Special Fund Schedule Funding back to StreetsLA Budget for the Pavement Preservation Program (Blue Book Item No. 23)

Request: Move \$6.0M from the Special Fund Schedule back to the StreetsLA Budget to ensure at least 6 months of funding is available for Pavement Preservation Trucking expenses.

The Proposed Budget moved \$23.9M from the StreetsLA Budget to the Road Maintenance and Rehabilitation Fund for the Pavement Preservation Program. Pursuant to the Budget, half of those funds, or \$12.9M, is available July 1. Moving these funds into the Special Fund Schedule limits

our ability to pay for critical as-needed contract truck drivers that supplement our Program. StreetsLA requests that \$6.0M be moved back into the StreetsLA contractual services account to fund our as-needed truck drivers at the beginning of the fiscal year in order to prevent any work stoppages, especially during the peak resurfacing time during summer.

4) Authorize StreetsLA to Work on Furlough Days when Funding is Realized & Available

Request: Authorize StreetsLA to replace furlough days with funded “unprogrammed” work, upon Council-approved appropriation of funding to StreetsLA salaries accounts

I am pursuing strategies that could offset the “savings” sought by furloughs by identifying funding outside the StreetsLA Budget and exploring new revenue streams. Last year, StreetsLA received \$25M in interim/unprogrammed funding from internal and external agencies outside the StreetsLA Budget. This upcoming year, the Proposed Budget includes a total of \$15.3M in various Special Fund Schedules earmarked for StreetsLA Concrete Streets, Alleys, Failed Streets, and Urban Cooling Projects. In addition, other significant project funding from Metro and other agencies is being assigned to StreetsLA. I am confident that we will be able to access even more external funding and thereby allow City dollars to go further.

In addition, we are in discussions with LADWP to support their paving needs, estimated at \$3M annually, as it relates to water blowouts. There may be mutual benefit in providing StreetsLA services to other departments as well, such as tree trimming, sidewalk construction, or paving during construction or repair activities.

There are no positions or StreetsLA resources provided for this “unprogrammed” work, and furloughs and the hiring freeze further limit our ability to leverage the City budget with external funding. In the past, we have performed most of this type of “unprogrammed” work through efficiencies in resource deployment and overtime. It would be more cost efficient to have work performed in lieu of a furlough day (straight time) for about 50% less in labor costs than on overtime, and I need flexibility to deploy resources in this way to deliver the work and maximize benefits to the City budget.

5) Flexibility & General Manager Discretion

Request: Provide flexibility to: 1) Allow hiring within an increased salary savings rate; and 2) Allocate resources within each Budgetary Program while keeping within the available funding

The combination of eliminated vacancies and anticipated attrition while under a hiring freeze threatens to dramatically reduce our ability to deliver promised services. To ensure that the most essential of positions are filled, General Managers need flexibility to determine priorities for hiring. StreetsLA proposes to increase our General and Special Fund salary savings rate by 100% in exchange for an authority to hire up to the salary savings rate, so that promised programs do not lose minimum capacity to accomplish work.

In these fluid times of resource reductions and layoff avoidance, the vacant positions that were eliminated were based on available vacancies and not program priorities. To align available staff with top priorities and to quickly adapt to changing conditions, General Managers need to have the authority and flexibility to move resources and positions around, to best achieve the goals set


April 24, 2020

Page 4 of 4

forth by the Mayor and Council. For example, StreetsLA should be authorized to deploy pavement preservation resources across related program budgets such as alleys, concrete streets, slurry, and failed streets, while maintaining overall goals and transparency about progress toward individual program goals.

Thank you for your consideration. StreetsLA is ready to partner with you to achieve shared goals and I look forward to discussing the Proposed Budget with your committee. If you have any questions or request further clarifications, please call me at (213) 847-3333.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a long, sweeping horizontal line that curves upwards at the end.

Adel H. Hagekhalil, P.E.
Executive Director and General Manager
Bureau of Street Services