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CALIFORNIA



CIVIL + HUMAN RIGHTS
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ERIC GARCETTI
MAYOR

October 14, 2021

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Honorable Members of the City Council
c/o City Clerk
Room 395, City Hall

**RE: LOS ANGELES REFORMS FOR EQUITY AND PUBLIC ACKNOWLEDGMENT
OF INSTITUTIONAL RACISM INNOVATION FUND PARTICIPATORY BUDGETING
PILOT PROGRAM**

SUMMARY

Los Angeles has some of the lowest income and highest need areas in the country resulting from years of structural and institutional racism. These inequities were further made apparent as the COVID-19 pandemic disproportionately impacted our low-income communities of color. The FY 2021-22 Adopted Budget includes \$10M to launch the Los Angeles Reforms for Equity and Public Acknowledgment of Institutional Racism (L.A. REPAIR) Innovation Fund, which includes the City's first participatory budgeting pilot, designed to empower nine (9) communities ("REPAIR Zones") with the decision-making power to allocate approximately \$8.5M through a participatory process by the end of June 2022. Participatory Budgeting (PB) is the most direct way to enable marginalized and historically disempowered groups to decide on investment priorities for their communities.

To execute the pilot, the Civil, Human Rights and Equity Department (CHRED) will contract with a participatory budgeting consultant to finalize the design of and implement the program to ensure the City avoids any potential biases. CHRED will develop the program structure and will oversee the implementation of the pilot. Thereafter, CHRED, along with the PB Consultant, will 1) conduct targeted outreach and solicit program ideas from L.A. REPAIR Zone community members; 2) have community-based organizations submit proposals based on program ideas from the community members; 3) review proposals for legality, feasibility, and equitability along with the City Attorney and other departments as necessary; 4) finalize proposals for voting by community members; and 5) provide funding to community based organizations who will execute winning program proposals. The initial vetting and proposal process will be facilitated over an 8-12 month period.

RECOMMENDATIONS

The CHRED General Manager respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. AUTHORIZE the Controller to:

- a. Establish a new special purpose fund titled L.A. REPAIR Innovation Fund, to be administered by CHRED, to effectuate the goals of the participatory budgeting pilot, with assistance from the City Administrative Officer as necessary.
- b. Transfer appropriations in the amount of \$10.0 million from the Unappropriated Balance (UB) to the L.A. REPAIR Innovation Fund as follows:

From:

<u>Fund No.</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
100-58	580353	Unappropriated Balance	\$10,000,000

To:

<u>Fund No.</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
TBD	15V115	Staffing Costs	\$101,000
TBD	15V304	Contracts	\$1,389,500
TBD	15V200	Project Costs	\$8,509,500

- c. Increase appropriations by \$275,000 in Fund 100/15, Civil, Human Rights and Equity Department, Account 001010 Salaries, General for positions to support the L.A. REPAIR Program.
2. RESOLVE that the employment authority in the CHRED for the two (2) positions detailed below are APPROVED and CONFIRMED through June 30, 2022 to support program development, implementation, community engagement, evaluation, and administration, subject to allocation by the Board of Civil Service Commissioners.

No.	Class Code	Class Title
1	9184	Management Analyst
1	1539	Management Assistant

3. AUTHORIZE the expenditure of \$10 million for L.A. REPAIR as follows:

Item	Description	
Staffing Costs		
Program Manager	1 New FTE Management Analyst - CHRED - 8 months	\$59,000
Program Coordinator	1 New FTE Management Assistant - CHRED - 8 months	\$42,000
Contracts		
Progamatic Technical Assistance	Consultant for program design and implementation of participatory budgeting pilot	\$570,000
Fiscal Technical Assistance	Facilitation of fund distribution to winning organizations and administrative support for required reporting	\$669,500 (projected)
Translation, Interpretation, and Communications	Translation of written collateral, in-person and live translation, and communications (i.e. digital and printed flyers, ballots, rules, etc.)	\$80,000
Technology	Voting platform and design support	\$70,000
Project Costs for Repair Zone		
PB Grants	Grants to winning programs in REPAIR zone	\$8,509,500
Total		\$10,000,000

4. AUTHORIZE CHRED to:

- a. Amend the program cost allocations, shown in Recommendation 3 of this report, as necessary, to adjust the amounts for projected contract costs or PB grants based on final contract costs, and subject to the approval to the City Administrative Officer; and AUTHORIZE the Controller to transfer appropriations between accounts within the L.A. REPAIR Innovation Fund to align appropriations with the revised program cost allocations.
- b. Negotiate and execute contracts for the following services related to the implementation of the LA REPAIR program: 1) programmatic technical assistance; 2) fiscal technical assistance; 3) translation, interpretation and communications; and, 4) technology, subject to the review of the City Administrative Officer and the review and approval of the City Attorney as to form and legality.

5. INSTRUCT CHRED to:

- a. Separately track all encumbrances and expenditures of the L.A. REPAIR Innovation Fund participatory budgeting pilot with assistance from the City Clerk as necessary.
- b. Present winning proposed programs that received the most votes by the community to be funded by the Innovation Fund and report on the vetting and selection process.
- c. Report to the Mayor and Council a full accounting of the funds, the scope of programs funded, and an update on the execution of the programs.
- d. Report to the Mayor and Council metrics regarding community participation and overall assessment of the pilot.

6. AUTHORIZE CHRED to make necessary technical adjustments, subject to the approval of the City Administrative Officer; and, authorize the Controller to implement the instructions and technical adjustments.

BACKGROUND

Academic research draws a straight line between historical traumas and institutional racism and the current challenges faced by African Americans, Indigenous people, Latinos, and other people of color in the United States. Descendants of these groups nationwide continue to suffer from poorer health, earn lower incomes, experience homelessness at higher rates, and hold less wealth than their White counterparts. By many metrics, these communities continue to live at a severe structural disadvantage. Los Angeles has some of the poorest and highest need areas in the country resulting from years of structural and institutional racism. Since March 2020, COVID-19 has disproportionately impacted these communities as well. Affected communities deserve enhanced decision-making opportunities in shaping the future of how we can confront racial inequities in our city.

Participatory budgeting is the most direct way to enable traditionally excluded groups to decide on investment priorities in their communities – helping to overcome explicit or implicit systemic biases that may have prevented community priorities from being addressed. The participation of these communities in the allocation of public resources begins the process of reparation by shifting power away from a historically unrepresentative institution, into the hands of the historically disempowered residents. The intent of this process is to direct funding to the most impactful services based on what the community reimagines for post-pandemic priorities.

The L.A. REPAIR Innovation Fund will allow participants to vote on allocating funds to community partners or organizations in the form of direct grants while taking note of any City-led project that rises as a priority for communities during the PB process. A standard participatory budget process is shown in Addendum I. The L.A. REPAIR Innovation Fund will provide \$10.0M, including administrative costs, to be allocated through one round of participatory budgeting focused on nine (9) L.A. REPAIR Zones.

L.A. REPAIR Participatory Budgeting Goals

1. **Emphasize public ownership of government resources:** Direct available resources in a manner which residents feel is most urgently needed; trust grassroots groups to manage projects.
2. **Deepen democracy:** Increase the volume, quality, and longevity of residents' engagement in city governance.
3. **Improve trust in government:** Enhance transparency and accountability in budgeting decisions.
4. **Build stronger communities:** Connect funding to community based organizations and local context by incorporating on-the-ground community knowledge — improving chances of successful and sustained outcomes that matter most to people.

Contracting with a participatory budgeting consultant will minimize bias and create the most equitable approach to conduct the participatory process. To further mitigate bias, CHRED will create an Advisory Committee (AC) for each REPAIR Zone to provide community oversight of the participatory budgeting process. Each Advisory Committee will consist of individuals and representatives of local community organizations within the focus neighborhoods.

CHRED will utilize additional program funds to provide technical assistance to ensure small winning organizations are able to comply with reporting needs required of City funding. This may require contracting with a fiscal agent should CHRED not have the staff capacity to do so.

The Role of Community Members

Residents will have agency to a) generate and put forward ideas for programs, b) vote on allocation toward proposed programs, and c) monitor spending and outcomes through public processes. The L.A. REPAIR Innovation Fund will be geared toward community-driven ideas and implementation plans, prioritizing grants to community-based partners over City-led programs.

The L.A. REPAIR Innovation Fund will allow community-based organizations to submit a proposal that aligns with the priorities determined through community engagement led by the Advisory Committees, PB Consultant, and CHRED. The City, in consultation with a PB consultant, will determine the best voting platform to conduct the pilot. The City may be able to utilize the Ideascale platform (already procured and in use at LAWA and DWP) to solicit and present ideas from the public and to manage the participatory voting process.

There will be four (4) key roles for the public:

1. Idea creator – Any resident of the REPAIR Zone can provide ideas for programs, including those residing in an L.A. City shelter or housing.
2. Project planner – Community based organizations will develop ideas into fully formed program proposals that can be voted upon by residents in the REPAIR Zones. This role will be augmented and supported by the PB consultant and City Staff as needed.
3. Voter – Any resident of the City of Los Angeles, including those at an L.A. City shelter or housing, who reside in the specified REPAIR Zones.
4. Advisory Committee Member – Members will oversee the local implementation of PB in their respective Zones as well as assist with planning throughout the process. Committees will be composed of local organizations, institutions, and community leaders.

Program Metrics and Outcomes

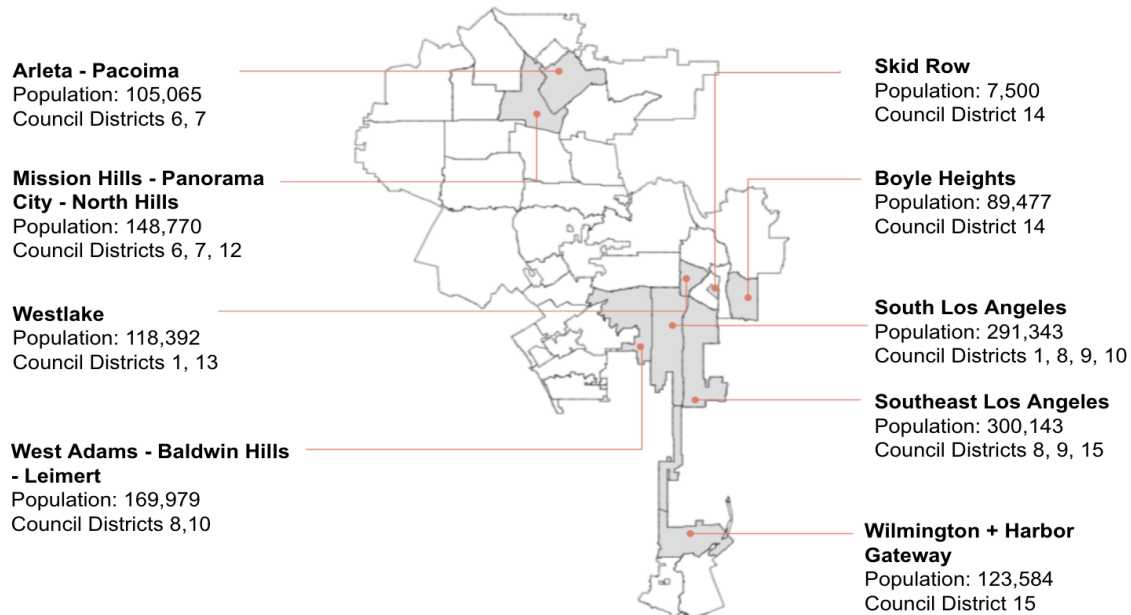
CHRED and the selected PB consultant(s) will work with L.A. REPAIR Zone Advisory Committees to establish priority areas, goals, and metrics for their specific Zone.

The metrics in Addendum II are intended to provide a sample framework for evaluating the success of L.A. REPAIR. These metrics were developed and approved by the North American Participatory Budget Research Board, an academic and professional field of researchers. These metrics are not intended to be all-inclusive and/or limiting criteria for evaluation.

PROGRAM DESIGN

Priority Areas: L.A. REPAIR Zones

L.A. REPAIR Zones are made up of communities most impacted by institutional racism. As demonstrated in Figure 1, the Zones were selected using Community Planning Areas (CPAs) that have a high percentage of people of color and a high share of the population who live below the poverty line (also seen in Figure 3). Community Plan Areas are used to collect and report Census tract data. Using indicators like COVID-19 impact and overcrowded housing, these nine (9) REPAIR Zones were identified as the highest need communities that sit at the intersection of race and poverty. The methodology is further described in the Discussion section. CHRED will work with the participatory budgeting consultant to create Advisory Committees that equitably represent each REPAIR Zone. Advisory Committee seats will be allocated to Council Districts based on the percentage of the Council District population represented in each REPAIR Zone.

Figure 1: Proposed L.A. REPAIR Zones

Advisory Committees

Advisory committees will be made up of community members in the REPAIR Zones. These members will work with the PB consultant and CHRED to implement the PB pilot.

Program Eligibility and Requirements

Because the L.A. REPAIR Innovation Fund is meant to give historically marginalized and underrepresented communities more agency in determining investments in their communities, CHRED intends to limit additional restrictions on project eligibility beyond those legally applicable to public monies. Below is a summary of key rules for project eligibility and participation based on background research and conversations with other cities who have launched PB programs:

- **Eligible Organizations:** Community-based organizations, non-profits, and educational institutions are eligible to apply for and receive L.A. REPAIR grants.
- **Eligible Projects:** Most participatory budgeting work has focused on capital/infrastructure projects; however, it does not need to be restricted to this. CHRED will limit eligible projects to be non-capital, in order to uplift the investments in community-led services and efforts that are not typically implemented by City departments.
- **Spending Restrictions:** Once a program is selected and awarded a grant, the funds are subject to general restrictions on spending of City funds and taxpayer dollars, oversight, and audit, and must be used to carry out the goals and objectives identified in the grant for their intended purpose. Grant recipients must account for costs and justify expenditures. Using grant dollars for unjust enrichment, personal gain, or other than their intended use is not allowed and is considered theft.

Voter Eligibility

Voters must meet a minimum age (16) and be residents of the City of Los Angeles. Each voting participant will have a limited number of votes to allocate in order to facilitate prioritization of projects.

Voting Platform

Online and in-person voting will be provided to ensure that all residents have an equitable opportunity to participate in the process. In consultation with the PB consultant, CHRED will develop and implement the voting process taking into account digital platforms that the City has contracted and currently uses, such as Ideascale, to execute online voting; as well as partnering with community based organizations to provide in-person voting.

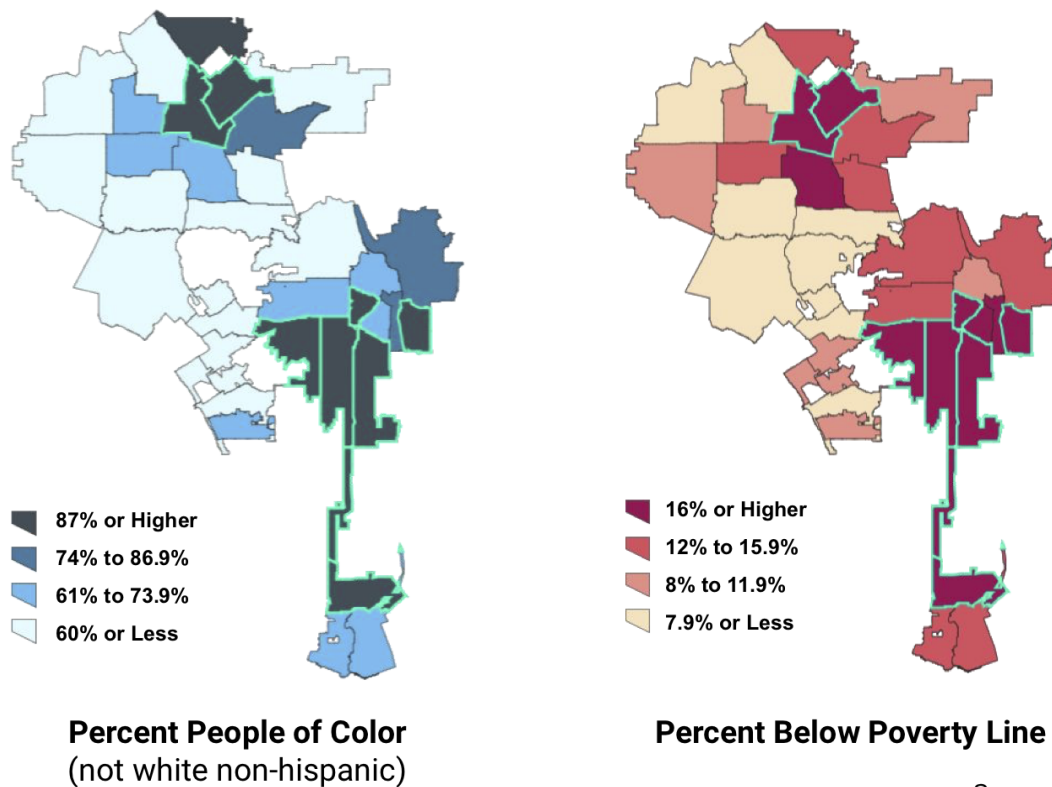
Figure 2: L.A. REPAIR Process Overview



DISCUSSION AND METHODOLOGY

Selection Methodology of the L.A. REPAIR Zones

The nine (9) L.A. REPAIR Zones sit at the intersection of race and poverty—where the legacy and consequences of structural and institutional racism are evident in our city (see Figure 3 below). Eight of the nine selected REPAIR Zones are based on existing Community Plan Areas (CPAs) with the ninth being the community of Skid Row due to the visibly acute manifestation of the detrimental effects of institutional racism. The rationale for using Community Plan Areas over smaller geographies such as neighborhoods or larger geographies like Council Districts was to tie this initiative to the City’s Community Plan updating process, which is currently underway. Since community plans dictate landuse and community investments and already utilize a participatory process, using the same areas will allow synergy between L.A. REPAIR programs and the broader Community Plan update process.

Figure 3: Intersection of Race and Poverty in L.A. REPAIR Zones

Source: 2019 ACS 5yr

The selection of the L.A. REPAIR Zones was also guided by four (4) third-party datasets: the CalEnviroScreen Pollution Index, the Healthy Places Index, the DPH COVID-19 Cases Index, and the American Community Survey. After reviewing this data, it was concluded that all identified L.A. REPAIR Zones met the following conditions:

- At least 87% of residents are people of color, i.e. non-White/non-Hispanic;
- At least 16% of residents are living below the poverty line;¹
- The unemployment rate is at least 15%;
- The youth unemployment rate is at least 27%; and
- At least 30% of renter households paid 50% or more on rent.

CalEnviroScreen Pollution Index— See: Addendum III

CalEnviroScreen is a mapping tool that helps identify California communities that are most affected by many sources of pollution and where people are often especially vulnerable to pollution's effects. CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores for every census tract in the state. An area with a high score experiences a much higher pollution burden than areas with low scores. CalEnviroScreen ranks communities based on data that is available from state

¹ Adjusted to exclude temporary student populations at colleges and universities

and federal government sources. The data reviewed for the above indicators show the highest need is within the identified REPAIR Zones as depicted in addendum III.

Healthy Places Index— See: Addendum IV

The California Healthy Places Index (HPI) is a tool developed by the Public Health Alliance of Southern California to assist with exploring local factors that predict life expectancy and comparing community conditions across the state. The HPI provides overall scores and more detailed data on specific areas such as health, housing, transportation, education, and more. The data reviewed for the above indicators indicate the highest need is within the identified REPAIR Zones as depicted in addendum IV.

DPH COVID-19 Cases Index— See: Addendum V

The Los Angeles County Department of Public Health has developed a robust index showing key-indicator data for COVID-19 new cases and deaths. This index also provides intersectional data around housing, race, socio-economics, and geospatial indicators. The data reviewed for the above indicators show the highest need is within the identified REPAIR Zones as depicted in addendum V.

American Community Survey— See: Addendum VI and Addendum VII

The American Community Survey (ACS) helps local officials, community leaders, and businesses understand the changes in their communities. The ACS information identified Los Angeles' regional implications for crowded housing and internet access. The data reviewed for the above indicators indicate the highest need is within the identified REPAIR Zones as depicted in addenda VI and VII.

In general, the L.A. REPAIR Zones represent 50% of Los Angeles residents that live below the poverty line, 63% of the City's Black/African-American population, 50% of the City's Hispanic/Latino population, and over 45% of the City's COVID cases. In addition, 47% of households in these Zones have no internet access and 64% of renter households are rent-burdened.

Funding Breakdown Per Zone

The funding allocation proposed for each L.A. REPAIR Zone is based on a \$775,000 baseline amount for approximately the first 150,000 people and a prorated amount for the number of people above that. In line with this general formula, six (6) of the nine (9) Zones will receive \$775,000 each. The remaining three (3) Zones, West Adams-Baldwin Hills-Leimert, South Los Angeles, and Southeast Los Angeles, will receive 10%, 17%, and 18%, respectively, of the total funding due to their larger populations.

The recommendation to allocate funding in this way is based on two reasons:

1. Based on conversations with participatory budgeting experts, \$775,000 was chosen as a baseline amount because it can be split into several \$100,000-150,000 projects, an amount that is considered a good representative grant for a new small project or pilot service.

2. The commonly-cited participatory budgeting gold standard is \$1M in funding per 100,000 residents. While the \$10M budget for this program is not large enough to allocate according to this standard, we have chosen to allocate funding in the way described above to ensure that no Zone goes below \$500,000 per 100,000 residents. *(Note: poverty and percent of population were only taken into consideration for the selection of REPAIR Zones as illustrated in Figure 3).*

Table 1 below provides a breakdown of funding allocation compared to population in each REPAIR Zone.

Table 1: Total funding per L.A. REPAIR Zone

L.A. REPAIR Zone	Population	Funding
Arleta - Pacoima	105,065	\$775,000
Mission Hills - Panorama City - North Hills	148,770	\$775,000
Boyle Heights	89,477	\$775,000
Westlake	118,392	\$775,000
Harbor Gateway + Wilmington/ Harbor City	123,584	\$775,000
Skid Row	7,000	\$775,000
West Adams - Baldwin Hills - Leimert	169,979	\$873,431
South Los Angeles	291,343	\$1,471,357
Southeast Los Angeles	300,143	\$1,514,712
Total	1,353,753	\$8,509,500

Advisory Committee Selection

CHRED will work with the participatory budgeting consultant to create Advisory Committees that equitably represent each REPAIR Zone. Advisory Committee seats will be allocated to Council Districts based on the percentage of the Council District population represented in each REPAIR Zone.

Organizations affiliated with the representatives serving on the Advisory Committee may be barred from submitting proposals, depending on the Committee member's or family's relationship with the organization and participation in the matter.

TIMELINE AND NEXT STEPS

An administrative group of City departments will be formed to develop the program, work with the project management consultant and the Advisory Committee, support the project planner teams in developing ideas, and help to implement projects and/or allocate funding where necessary. Other departments may be brought in as needed. The administrative group will be initially comprised of the following entities:

City Agencies

- CAO
- City Controller
- Mayor's Office

- Commission on Civil Rights
- Racial Equity Officers across City Departments
- Department of Neighborhood Empowerment
- Economic and Workforce Development Department
- Community Investment for Families Department

External Partners

- Participatory budgeting contractor to manage process and evaluation
- Community organizations in each community or region to conduct outreach
- Advisory Committee members
- Fiscal agent to facilitate fund distribution and administrative support for required reporting

The implementation timeline represents completing one round of participatory budgeting before the end of FY 21-22. The following timeline is a draft and subject to change in consultation with the program's PB consultant once they are onboarded.

Timeline

Planning & Design: October – November 30, 2021

- CHRED creates Advisory Committees (ACs) for each L.A. REPAIR Zone
- ACs are onboarded and begin to lead community engagement to develop proposed Zone priorities and selection criteria for programs

Idea Collection: December 1 – January 31, 2022

- PB consultant develops outreach materials; ACs, PB consultant and City conducts outreach and educates communities about PB pilot
- ACs conduct town halls to solicit idea in each REPAIR Zone to finalize the Zone priorities and selection criteria

Program Development: February 1 – April 1

- Applications open for proposals to address the community needs identified in community town halls

Program Vetting for Feasibility and Legality: April 4 – April 29

- ACs, with the help of CHRED and City Attorney, review proposals for legality, feasibility, and responsiveness to Zone priorities

Voting: May 2 – May 30

- Once list of vetted proposals have been determined, ACs and residents get out the vote

Winning Programs Announced: May 31

- Winning proposals are published and support is provided to smaller winning organizations

Pilot Evaluation: June 1 – June 30

- Participants and consultant evaluate the process and identify improvements to make for future participatory budgeting efforts

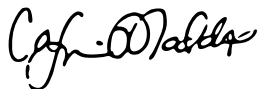
STAFF REQUESTS

The Management Analyst position will act as the program manager and lead community outreach, program development, and program implementation of the Participatory Budgeting program. This position will be the Participatory Budgeting point of contact for interdepartmental collaboration and resolution as well as act as the point of contact for external stakeholders for community based organization and other agencies as needed. This will require researching, assembling, analyzing, and interpreting data as it relates to the success of the pilot program. This position will have supervisory responsibility over the Management Assistant in relation to program administration.

The Management Assistant position will act as the program coordinator and lead budget and administration of the Participatory Budgeting funds. This position will be primarily responsible for ensuring that community-based organizations can comply with City fiscal and administrative requirements to participate in the participatory budgeting program. Typical duties will relate to the resolution of administrative problems, data collection, report writing, program coordination. This position may also assist with program development and implementation as needed.

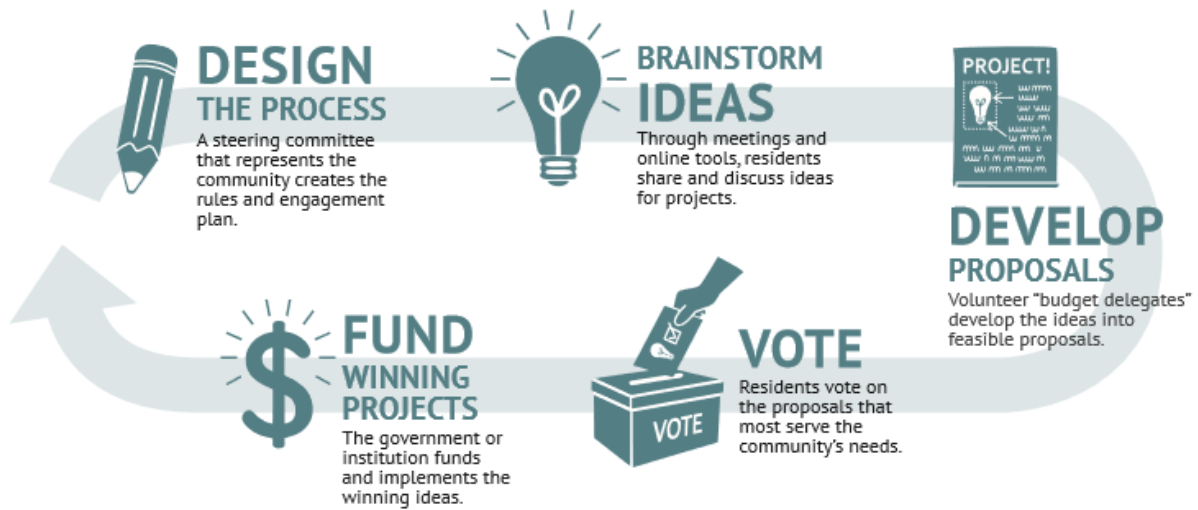
FISCAL IMPACT

The \$10 million for the L.A. REPAIR Innovation Fund has been budgeted as part of the 21-22 Adopted Budget in the Unappropriated Balance. These funds were provided on a one-time basis and future funding for the L.A. REPAIR program would be subject to the City's annual budget process. There is no additional General Fund impact.



CAPRI MADDOX
General Manager

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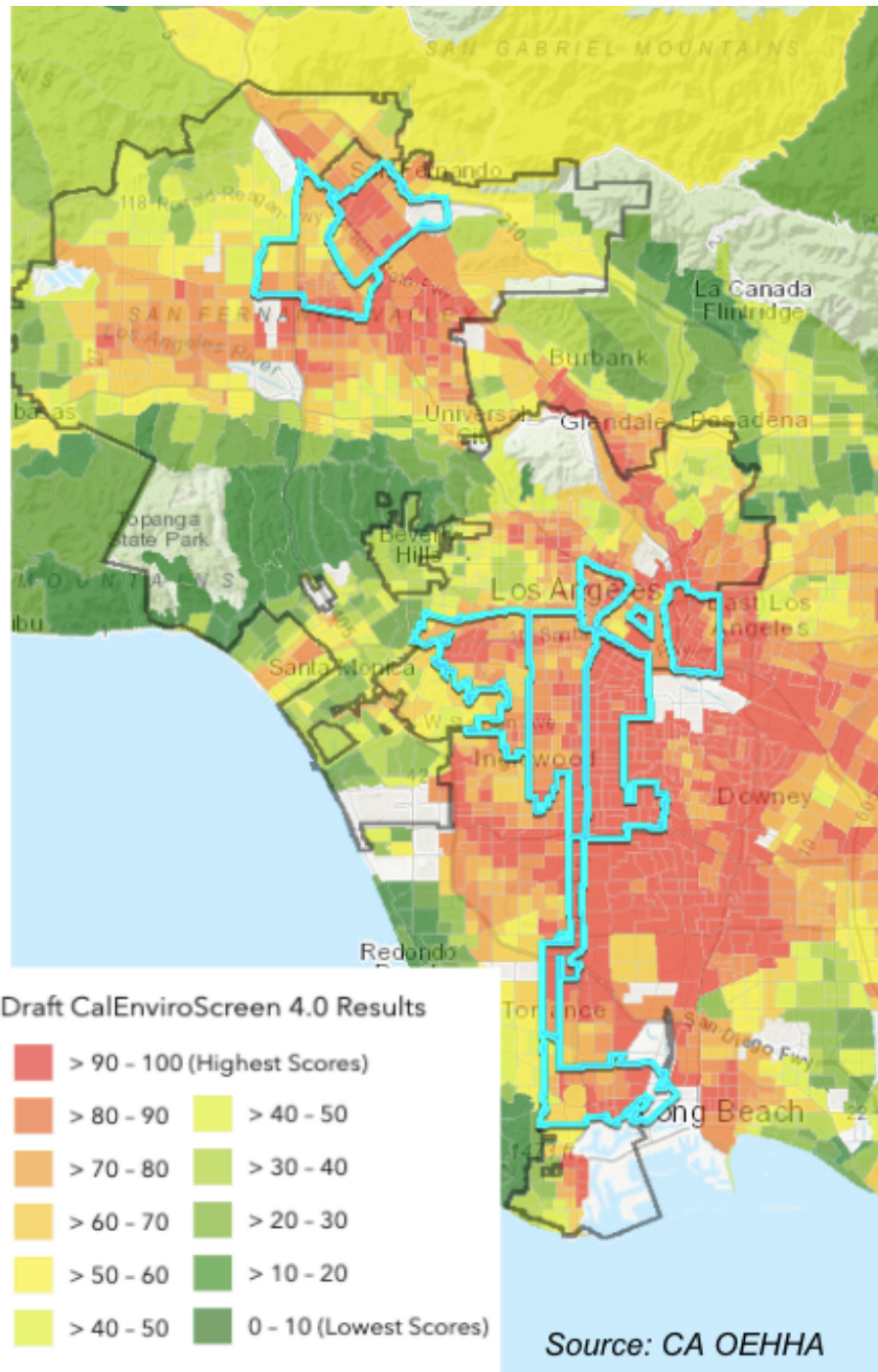
ADDENDUM I: Standard Participatory Budget Process

ADDENDUM II: Recommended Participatory Budgeting Program Metrics

Metric	Description
Voter Turnout: Number of votes	The number of community members who voted.
Voter Diversity and Inclusion: Number and percentage of participants of various demographic groups, including race and socioeconomic status	Indicates PB's potential to engage communities that are marginalized in the traditional political process
Project Diversity: Number and type of projects considered	Indicates the feasibility, and projected impact of the proposed projects. Projects deemed feasible by the budget delegates are placed on the ballot.
Project Sponsors: Number of community-based organizations engaged	Indicates the extent to which PB engages civil society through coalition and base-building. Also an indicator of variation in how processes are implemented.
Satisfaction rate: Percentage of participant satisfied with process	A goal of 80% participant satisfaction is intended and participant feedback will aid in making improvements.
Participation: Number of participants and percent of eligible residents who participate	Indicate PB's reach and ability to engage targeted populations.
New Voters: Number and percentage of voters who are eligible to vote but did not vote in the most recent local election	Indicates PB's potential to engage residents who don't participate in the mainstream political process
Broad Engagement: Number and percentage of voters who are ineligible to vote in local elections	Indicates PB's potential to engage residents who don't participate in the mainstream political process
Engagement Opportunity: Number and percentage of participants who report prior civic engagement or participation	Indicates PB's ability to attract otherwise less civically engaged residents
Accessibility: Accessibility indicators for idea collection phase, project development phase and voting	Captures aspects of the process implementation that increase access during the idea collection phase, the project development phase and the voting phase
Funding Allocation: Amount of funds allocated to PB projects	Tracks the money allocated to PB projects in any one year
Funding Expenditure: Percent of funds expended by PB projects	Tracks the money allocated to PB projects in any one year
Process Cost Dollar amount spent on PB	Makes transparent how much money is spent on implementation and how that compares with the funds allocated to projects, with quality indicators of the process and outcomes

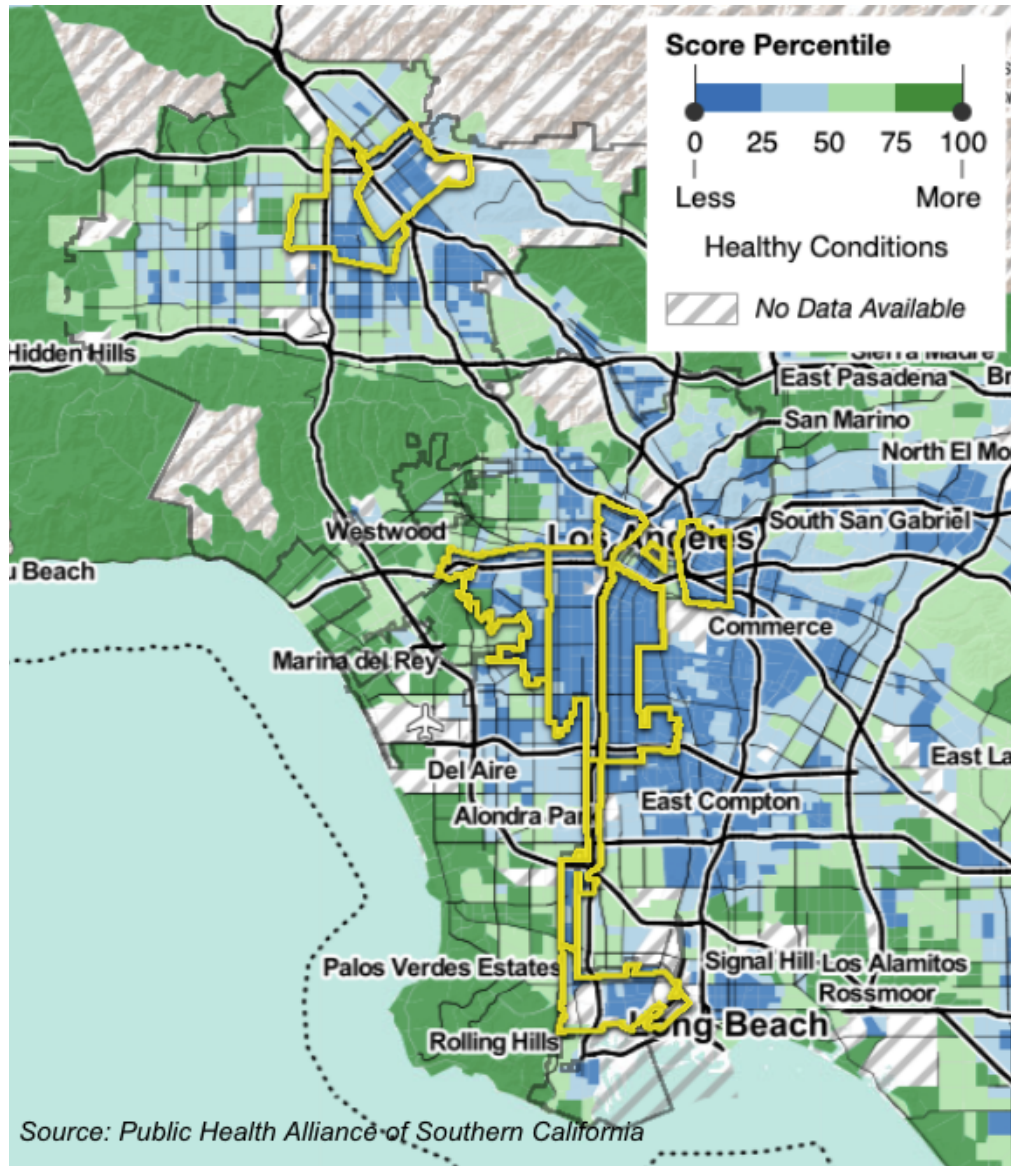
ADDENDUM III: CalEnviroScreen Pollution Index

CalEnviroScreen identifies California communities by census tract that are disproportionately burdened by, and vulnerable to, multiple sources of pollution. The index uses a suite of 19 indicators to characterize pollution burden (12 indicators) and population characteristics (7 indicators).

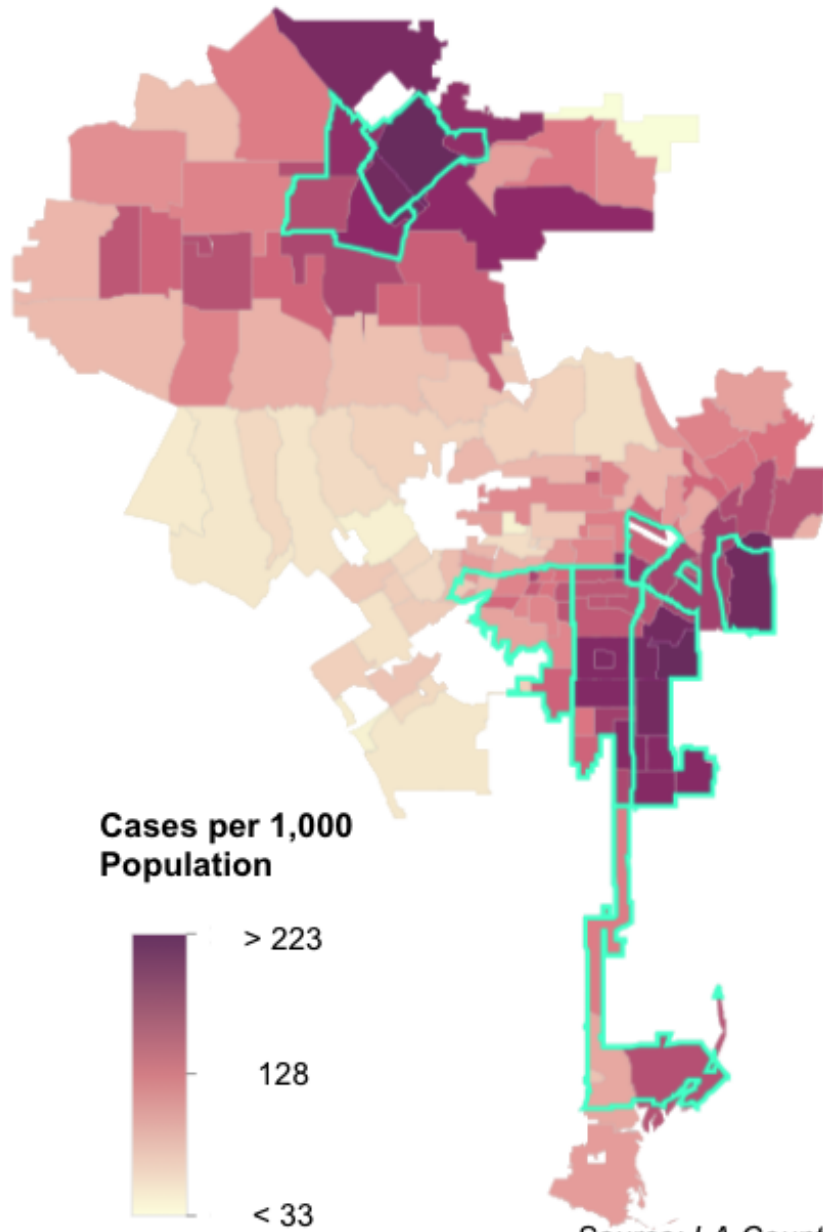


ADDENDUM IV: Healthy Places Index

An index compiled from 26 indicators in 8 categories: Healthcare Access, Clean Environment, Neighborhood Quality (parks, tree canopy, supermarkets, etc), Housing, Transportation, Education, Social (voting, household characteristics), and Economic.

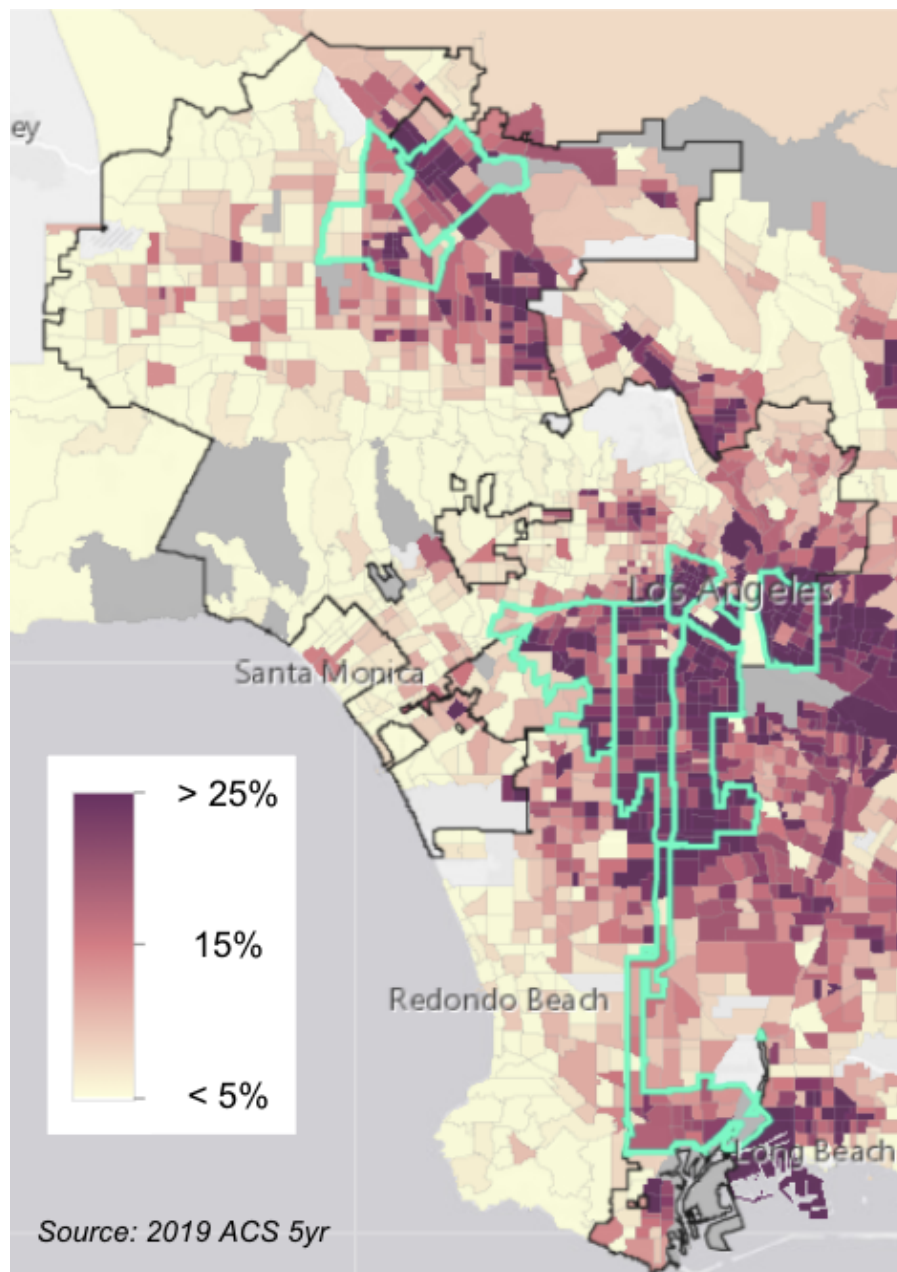


ADDENDUM V: LA County DPH COVID-19 Case Index
Cumulative COVID-19 Case Rate as of April, 28, 2021



Source: LA County DPH

ADDENDUM VI: American Community Survey— Internet Access
Percent of Households with no internet



ADDENDUM VII: American Community Survey— Percent of Households that are Overcrowded

Overcrowding is defined as more than 1 person per room (includes all rooms in house except bathroom and kitchen).

