

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: February 10, 2025

CAO File No. 0220-06287-0000

Council File No. 25-0073

Council District: All

To: The Council

From: Matthew W. Szabo, City Administrative Officer 

Subject: **RESOURCES TO ADDRESS FIRE DEPARTMENT PAYROLL CONCERNS**

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### RECOMMENDATIONS

That the Council:

1. Approve, and instruct the City Administrative Officer to authorize, substitute authority for nine positions in the Los Angeles Fire Department, comprised of one Senior Personnel Analyst I, two Personnel Records Supervisors, one Senior Administrative Clerk, one Personnel Analyst, and four Accounting Clerks; and,
2. Instruct the City Administrative Officer to identify funding for the nine substitute authority positions in a subsequent Financial Status Report.

### SUMMARY

On January 31, 2025, the Personnel and Hiring Committee (Committee) considered a Motion (C.F. 25-0073; McOske - Hernandez) regarding Los Angeles Fire Department (LAFD) sworn payroll issues. The Committee heard from the City Controller, LAFD, Information Technology Agency (ITA), Personnel Department (Personnel), and this Office regarding the sworn payroll issues and steps required to mitigate the identified concerns. The Controller provided a detailed summary of seven priority payroll concerns identified by the United Firefighters of Los Angeles City (UFLAC) which are in the process of being resolved by Controller and ITA staff, in collaboration with LAFD, Personnel, and staff from the City's human resources and payroll system contractor, Workday.

While the root cause of some of the identified concerns is related to configuration of LAFD's existing scheduling and timekeeping software application and its integration with Workday, as well as configuration within the Workday application, a crucial component of the identified payroll issues is insufficient existing staffing within LAFD that has resulted in a backlog of human resources (HR) transactions and payroll corrections. The Committee instructed this Office to report with an analysis of the staffing needs of the LAFD to address the sworn payroll issues, including both short-term solutions to address the current backlog of HR transactions and payroll corrections as well as long-term recommendations to ensure the LAFD HR and payroll support staffing is appropriate to process accurate and timely payroll on an ongoing basis. The Committee also requested a report regarding software solutions to address concerns related to LAFD's antiquated scheduling and timekeeping software application, which will be provided under separate cover by ITA.

## **Support through Existing Resources**

There is an immediate need to provide support to the LAFD to address the backlog of HR transactions that require processing as well as to review payroll corrections and configuration changes being made in the Workday application. Given the urgency of the current need to ensure accurate and timely payroll processing for LAFD personnel, both Personnel and City Clerk, in collaboration with the Mayor's Office in accordance with Charter Section 233, have loaned a total of 30 staff on a part-time basis to help support the LAFD's payroll and HR processing. These resources include:

- Personnel (22 positions) - One Management Analyst, one Payroll Supervisor, four Personnel Records Supervisors, seven Senior Administrative Clerks, and nine Administrative Clerks.
- City Clerk (eight positions) - one Management Analyst, two Project Coordinators, one Payroll Supervisor, one Personnel Records Supervisor, and three Administrative Clerks.

These loaned employees are trained on HR and payroll processing in Workday, and currently perform these functions for various City departments. The loaned employees are providing support to LAFD on an overtime basis, as they are also responsible for continuing to provide support for the HR and payroll functions of their existing departments. On January 25, 2025, 16 of these employees assisted LAFD in calculating sick time. To date, time supporting the LAFD has been provided on an overtime basis. However, loaned employees will be scheduled daily to support the LAFD beginning February 11, 2025 from 8:00am to 12:00pm. This schedule will be adjusted based on the tasks and projects identified by the LAFD.

In addition to the loaned resources from other City departments, the LAFD is also in the process of filling several additional vacant positions that have been approved through the Prioritized Critical Hiring process that may be able to assist with the immediate HR and payroll processing efforts. The LAFD should review these existing positions and personnel and determine if these existing resources may be able to provide additional support to the payroll processing issues, even if on a temporary basis. While the loan of these internal employees is a temporary and part-time solution, it is an important first step in addressing the current high volume of retroactive items that need to be processed and reviewed.

## **Support though Additional Resources**

It is unclear what the ongoing workload will be to support HR and payroll processing for LAFD after the backlog is eliminated. However, it is clear there is a need to provide additional dedicated resources to the LAFD to maintain and update HR records and process payroll on an ongoing basis, as the existing staffing has been insufficient to do so to date. The Controller released a correspondence on January 18, 2025 which addressed the LAFD's payroll challenges and proposed the addition of 19 positions requested by LAFD, including positions for HR (11 positions), payroll (four positions), and technology (four positions) support. Some of these same positions were also requested by the LAFD as part of an interim budget request submitted to the City Council (C.F. 24-0600-S36).

The City's Financial Policies indicate that the City shall not consider requests for expanded programs outside of the annual budget development process. The Mayor is currently in the process

of developing the 2025-26 Proposed Budget, which will be released by April 20, 2025 in accordance with the City Charter. Furthermore, this Office has reported through its Financial Status Reports and other communications of the City's challenging fiscal situation. As such, the 2025-26 budget development process provides the best opportunity to evaluate LAFD's HR and payroll staffing within the context of their entire 2025-26 budget request and the entire City budget, as overall City needs are expected to be more than the estimated available Citywide revenues. Due to these fiscal constraints, a multi-year solution to provide LAFD with the staffing required to address its payroll and HR needs may be the only option.

Nevertheless, given the urgency to address any payroll discrepancies, a limited number of new staff resources in the current fiscal year may be warranted. The most immediate method of providing the LAFD with staffing resources above the number authorized in the LAFD budget is through the use of substitute authority positions. While this Office is authorized to approve substitute authorities within the LAFD in accordance with the Departmental Personnel Ordinance Section 2, as part of the adoption of the 2024-25 Budget the Council directed that authorization of substitute positions for which adequate savings within a department's budget have not been identified shall require Council approval. As the LAFD has insufficient existing funding for any additional positions, Council approval of substitute authorities is required. Should any substitute authorities be approved, this Office should also be directed to identify funding for these authorities in a subsequent Financial Status Report. Furthermore, the use of substitute authority positions now would still require a more permanent solution as these positions would expire at the end of the current fiscal year, hence the need for this matter to be addressed as part of the 2025-26 Proposed Budget.

In balancing the immediate needs of the LAFD and the fiscal constraints of the City, the CAO worked with the LAFD and Personnel Department to identify the position classifications that could provide immediate impact on addressing the payroll concerns. These classifications are as follows:

- Personnel Records Supervisor
- Senior Personnel Analyst I
- Senior Administrative Clerk
- Personnel Analyst
- Accounting Clerk

This Office recommends the Council approve substitute authority for nine positions within these classifications so that the hiring process for these positions can begin immediately. This includes one Senior Personnel Analyst I, two Personnel Records Supervisors, one Senior Administrative Clerk, one Personnel Analyst, and four Accounting Clerks. The direct salary cost of the proposed nine interim substitute authority positions for the remaining four months of 2024-25 is \$236,571.

Should the Mayor and Council want to continue these resources in 2025-26, the nine positions will require approval by the Mayor and Council through the 2025-26 budget development process. In addition to these nine positions, the 2025-26 Proposed Budget may provide additional resources from the 19 positions requested by LAFD.

## **FISCAL IMPACT STATEMENT**

The General Fund impact of approving the proposed nine interim substitute authority positions for the remainder of 2024-25 is \$236,571. Funding for these nine substitute authorities will be identified in a subsequent Financial Status Report. Should the Mayor and Council elect to continue these resources in 2025-26, the total cost is estimated to be \$1.2 million, including \$795,042 in direct salary costs and \$422,565 in related costs. These funds would need to be identified as part of the 2025-26 budget development process.

## **FINANCIAL POLICIES STATEMENT**

The City's Financial Policies only permit the consideration of expanded programs outside the annual budget development process in extreme circumstances. The addition of these nine substitute authority positions on an interim basis is necessary to address an urgent need in LAFD, and is therefore considered an extreme circumstance in accordance with the City's Financial Policies. The Financial Policies also require that changes to budget appropriations during the fiscal year shall be limited and subject to the review and approval of the Mayor and the City Council; salary funding for the nine positions will be provided as part of a subsequent Financial Status Report which shall require Council and Mayoral approval.