

REPORT OF THE CHIEF LEGISLATIVE ANALYST

Date: April 27, 2021

To: Honorable Members of the Budget and Finance Committee

From: Sharon M. Tso 
Chief Legislative Analyst

Overview of the 2021-2022 Proposed Budget

As requested by your Committee, we have prepared the attached CLA Overview of the Proposed Budget, as submitted by the Mayor on April 20, 2021.

The 2021-22 Proposed Budget is very different from the Budget that was proposed one year ago. Last year, the City faced the unprecedented impacts of a pandemic that has lasted well over a year. There have been devastating economic impacts as a result. The City faced furloughs and extensive service reductions. Action by the City's leadership, prudent financial planning and fiscal restraint, careful and constant efforts to maintain a balanced budget, calls for programming to address social and racial equities, and funds provided by the State and Federal governments, has enabled the City to weather the storm better than might otherwise have been the case.

However, the effects of the pandemic on the economy, on revenues and on City residents continues. We are on a path to recovery, but that recovery is not yet complete nor assured.

The 2021-22 Proposed Budget relies on the infusion of \$1.3 billion in American Rescue Plan (ARP) funds which are anticipated to be received in two tranches late this fiscal year and next. As a result, this Proposed Budget is filled with one time uses of funds for important programs which address critical needs throughout the City. These programs address homelessness, issues of social and racial equity, programs for underserved and vulnerable populations, and programs aimed at economic recovery for small and minority-owned businesses, as well as residents who may need assistance after a difficult and slowly adjusting year. The impact of injecting so much funding to the City brings relief, but also some risk.

The Proposed Budget assumes maximum flexibility in the use of ARP funds. However, the guidelines for the use of these funds is not yet available. Should the guidelines set out different requirements than what the Proposed Budget includes, some adjustments may need to be made. In addition, the timing of receipt of the funds is uncertain. It is anticipated that the first tranche of funding will be received in the current fiscal year. The second tranche is expected no less than 12 months after the first. Depending on the timing of the first receipt of funds, the second receipt of funds may occur late in the 2021-22 Fiscal Year, or possibly in the fiscal year following. Again, adjustments to the Budget would need to be made accordingly.



The recent developments on the LA Alliance lawsuit present another layer of uncertainty. There remains the possibility that certain allocations in the Proposed Budget could be put in jeopardy. Additionally, a number of new allocations have few details on criteria, process and procedures to distribute funds as well as measurable outcomes and safeguards to ensure funds address the intended purpose. Clarity on these issues may be sought as the Council considers the Proposed Budget.

This Proposed Budget also includes healthy reserves, and meets the long term goal of having at least 10 percent of General Fund revenues in reserve for the first time. While these Reserves may appear to be high, they are necessary for a number of reasons:

- Having a healthy Reserve Fund and Budget Stabilization Fund enabled the City to partially mitigate the impacts of the pandemic. Even with these reserves, the City faced the prospect of borrowing for operating needs for the first time.
- It is unclear how quickly the economy and City revenues will recover from the effects of the pandemic. As the City moves into recovery mode, it is best to continue to exercise its sound financial policies to ensure that reserves are available in case there is a prolonged recovery, or an additional surge in the pandemic.
- There is risk in the programming of ARP funds, as the Federal government has not yet issued guidelines for its use, as described above.
- The City must have adequate reserves to mitigate against future emergencies (such as the one so painfully experienced in the past year) and future economic downturns. This is necessary both to preserve services to Los Angeles residents and to provide much needed assistance when that need arises.
- Because the Proposed Budget provides so much one-time funding for important programs, having healthy reserves provides a buffer to continue some of those programs into future years, rather than eliminating them once the existing source of funds expires.

While next year presents a much different, and more optimistic picture than the current one has, it would be prudent to continue to incorporate a degree of fiscal restraint to guard against uncertainty and provide mitigating efforts for future years. As such, this Office supports the strong Reserve Fund in the Proposed Budget.

If we can be of further assistance, please let us know.

SMT:KEK

OVERVIEW OF THE 2021-2022 PROPOSED BUDGET

AS SUBMITTED BY THE MAYOR



Presented to:
The Budget and Finance Committee

Prepared By:
Sharon M. Tso
Chief Legislative Analyst

Overview of the Mayor's Proposed Budget 2021-22

2020-21 Budgeted Revenue	\$6,687.34M
2021-22 Revenue Estimate	<u>\$7,336.50M</u>
Total Revenue Change	\$649.16M

Balancing the 2021-22 General Fund Budget

2021-22 Expenditures to Maintain 2020-21 Service Levels

- **Obligatory Expenditure Changes (\$-58.3M)**
 - 2020-21 Employee Compensation Adjustment (\$12.73M)
 - 2021-22 Employee Compensation Adjustment (\$10.48M)
 - Salary Step and Turnover Effect (\$6.92M)
 - Reduction in Police Sworn Salary Costs due to 2020-21 Attrition (\$-72.8M)
 - Deletion of Funding for Resolution Authorities (\$-82.08M)
 - Full Funding for Partially Financed Positions (\$174.44M)
 - Human Resources Benefits (\$-26.22M)
 - Tax and Revenue Anticipation Notes (\$4.13M)
 - Other Employee-Related Costs (\$-5.07M)
 - Deletion of One-Time Salary Funding (\$-3.5M)
 - Deletion of One-Time Expense Funding (\$-180.52M)
 - Restoration of One-Time Expense Reductions (\$21.21M)
 - Restoration of One-Time Salary Reductions (\$0.32M)
 - Capital Finance Administration Fund and Other Debt (\$1.47M)
 - Charter Mandate Library Funding (\$13.06M)
 - Charter Mandate Recreation and Parks Funding (\$24.23M)
 - Administrative Code Arts and Cultural Facilities Services Trust Fund (\$-1.23M)
 - Special Fund Reimbursements (\$29.4M)
 - Appropriations to General Fund Reserves (\$20.1M)
 - Unappropriated Balance - Zoo and El Pueblo Revenue Shortfalls (\$-5.63M)
 - Other Obligatory Adjustments (\$0.26M)

- **Continuation of Existing Services (\$294.18M)**
 - City Clerk – June 2022 Election - Departmental Expenses (\$3.52M)
 - Civil, Human Rights and Equity - Public Outreach, Equity, and Empowerment (\$1.59M)
 - Econ. and Workforce Dev. - Los Angeles Regional Initiative for Social Enterprise (\$3.00M)
 - Econ. and Workforce Dev. - Day Laborer Services (\$1.10M)
 - Fire - 2016 SAFER Grant (\$8.50M)
 - Fire - 2017 SAFER Grant (\$3.35M)
 - Fire - Advanced Provider Response Units (\$1.56M)
 - Fire - Cannabis Enforcement (\$1.02M)
 - Fire - Constant Staffing Overtime (\$9.04M)
 - Fire - Firefighter Recruit Training (\$8.34M)
 - Fire - Turnout Gear (\$1.28M)
 - General City Purposes - Operation Healthy Streets (\$1.10M)
 - Housing - Funding Realignment for Salaries (\$1.78M)
 - Housing - Proposition HHH Program Staff (\$1.04M)
 - Information Technology Agency - Citywide Fiber Optic Network Replacement (\$3.28M)

Overview of the Mayor's Proposed Budget 2021-22

- Information Technology Agency - Human Resources and Payroll Project (\$12.24M)
- Information Technology Agency - LAPD and LAFD Radio Infrastructure Repairs (\$3.77M)
- Information Technology Agency - Obsolete Equipment Replacement (\$2.00M)
- Information Technology Agency - Telecommunications Funding Realignment (\$9.39M)
- Other Special Purpose Funds - Accessible Housing Fund (\$14.62M)
- Other Special Purpose Funds - Insurance and Bonds Premium Fund (\$1.00M)
- Other Special Purpose Funds - Sidewalk Repair Fund (\$8.36M)
- Personnel - Strategic Workforce Development Task Force (\$1.01M)
- Police - A Bridge Home Security (\$8.00M)
- Police - Accumulated Overtime (\$4.77M)
- Police - Body-Worn Video Camera Program Expense (\$1.00M)
- Police - Communication System Maintenance (\$2.70M)
- Police - Los Angeles County Metropolitan Transportation Authority (\$36.49M)
- Police - Sworn Hiring Plan (\$31.01M)
- Police - Vehicle Replacements (\$3.95M)
- PW/Contract Administration - Services to the Los Angeles World Airports (\$2.58M)
- PW/Sanitation - CARE Team Vehicle Rentals (\$1.52M)
- PW/Sanitation - Comprehensive Cleaning and Rapid Engagement (\$10.21M)
- PW/Sanitation - Comprehensive Cleaning and Rapid Engagement Plus (\$13.11M)
- PW/Sanitation - Mobile Hygiene Centers (\$5.86M)
- PW/Street Services - Asset Management and Advanced Planning (\$2.48M)
- PW/Street Services - Dead Tree and Stump Removal (\$1.25M)
- PW/Street Services - Tree Trimming (\$3.69M)
- Transportation - Traffic Safety Fund Realignment (\$3.15M)
- Unappropriated Balance - Census 2020/Redistricting Commission (\$1.50M)
- Unappropriated Balance - Homeless Engagement Teams (\$4.22M)
- Unappropriated Balance - Homeless Engagement Teams (CARE and CARE+) (\$1.96M)
- Unappropriated Balance - Human Resources and Payroll System Contingency (\$1.00M)
- Unappropriated Balance - June 2022 County Election Expenses (\$15.00M)
- Unappropriated Balance - Los Angeles County MTA (\$36.49M)
- Other Continuation of Services (\$0.35M)

Total Amount Available for New and Increased Services\$413.28M

- **2021-22 Increased Services (\$288.05M)**

- CTIEP - Municipal Facilities (\$20.23M)
- CTIEP - Physical Plant (\$31.92M)
- Econ. and Workforce Dev. - Expansion of LA RISE (\$0.92M)
- General City Purposes - Additional Homeless Services (\$70.00M)
- General City Purposes - Congregate Meals for Seniors (\$3.00M)
- General City Purposes - Council Community Projects (\$1.59M)
- General City Purposes - COVID-19 Emergency Response (\$75.00M)
- General City Purposes - Domestic Abuse Response Teams (\$1.00M)
- General City Purposes - Gang Reduction and Youth Development Office (\$7.05M)
- General City Purposes - LA's BEST (\$1.00M)
- General City Purposes - Summer Night Lights (\$4.00M)

Overview of the Mayor's Proposed Budget 2021-22

- General City Purposes - Youth Employment Program (\$2.80M)
- General Services - Library Pressure Washing and Day Porter Services (\$1.54M)
- Information Technology - Regional Procurement Portal (\$0.70M)
- Other Special Purpose Funds - Cannabis Regulation Special Fund (\$3.00M)
- Other Special Purpose Funds - Measure M Local Return Fund (\$5.00M)
- Police - Latent Print Unit Resources (\$0.59M)
- PW/Board - CleanLA Program (\$8.79M)
- PW/Board - Graffiti Abatement Pre-Apprenticeship Job Training (\$1.00M)
- PW/Board - Graffiti Abatement Strike Teams (\$1.67M)
- PW/Sanitation - Automated Litter Bins (\$0.64M)
- PW/Sanitation - CARE Hazardous Waste Removal Services (\$3.40M)
- PW/Sanitation - CARE+ Expansion (\$3.26M)
- PW/Street Services - Increased Tree Planting (\$2.16M)
- Transportation - Curb Asset Management System (\$1.60M)
- Transportation - LA AI Fresco Program (\$1.92M)
- Unappropriated Balance - Animal Sterilization Trust Fund (\$1.10M)
- Unappropriated Balance - Comprehensive Cleaning and Rapid Engagement Teams (\$8.50M)
- Unappropriated Balance - Reserve for Extraordinary Liability (\$20.00M)
- Unappropriated Balance - Tree Planting (\$2.00M)
- Other Increased Services (\$2.67M)

- **New Services in the 2021-22 Proposed Budget (\$202.19M)**
 - Capital Finance Administration - Prepayment of Debt Service (\$13.22M)
 - Finance - LATAX Cloud Migration and Technology Enhancements (\$1.00M)
 - General City Purposes - Angeleno Connect Program (\$1.00M)
 - General City Purposes - Angeleno Corps (\$5.00M)
 - General City Purposes - Basic Income Guaranteed: LA Econ. Assistance Pilot (\$24.00M)
 - General City Purposes - Business Attraction Plan for Olympics (\$0.50M)
 - General City Purposes - CIRCLE: 24/7 Homelessness Crisis Response Pilot (\$3.00M)
 - General City Purposes - Digital Inclusion (\$5.00M)
 - General City Purposes - Food Rescue in Food Insecure Communities (\$1.00M)
 - General City Purposes - Homeless Prevention and Eviction Defense (\$15.00M)
 - General City Purposes - LA Optimized (\$2.50M)
 - General City Purposes - LA Repair – Peace and Healing Centers (\$2.00M)
 - General City Purposes - LA Repair Innovation Fund (\$10.00M)
 - General City Purposes - LACERS/LAFPP Audit (\$0.50M)
 - General City Purposes - Local Composting, Farmers' Markets and Urban Gardens (\$0.75M)
 - General City Purposes - Los Angeles Accessory Dwelling Unit Accelerator (\$2.60M)
 - General City Purposes - Marketing for Tourism and Hospitality (\$5.00M)
 - General City Purposes - Neighborhood Service Enhancements (\$30.00M)
 - General City Purposes - Reparations Commission (\$0.50M)
 - General City Purposes - Restaurant and Small Business Recovery (\$25.00M)
 - General City Purposes - Student to Student Success Pilot (\$3.50M)

Overview of the Mayor's Proposed Budget 2021-22

- General City Purposes - Zero Waste Transition Microgrants for Small Restaurants (\$1.00M)
- Personnel - Equity Review Panel (\$0.55M)
- PW/Engineering - Content Knowledge Management System Implementation (\$0.70M)
- PW/Sanitation - Regional Storage Facilities (\$3.03M)
- PW/Street Lighting - Asset Management System (\$1.00M)
- Unappropriated Balance - Self-Contained Breathing Apparatus (\$21.00M)
- Unappropriated Balance - Mental Health Services Support (\$2.20M)
- Unappropriated Balance - Office of Petroleum and Natural Gas (\$0.50M)
- Unappropriated Balance - Public Works Trust Fund Loan Repayment (\$0.97M)
- Unappropriated Balance - Zoo Wi-Fi (\$2.00M)
- Youth Development - Management and Administration (\$0.78M)
- Other New Services (\$17.39M)

Efficiencies and Separation Incentive Program (\$-76.96M)

- **Efficiencies of Services in the Proposed 2021-22 Budget (\$-48.26M)**
 - Expense Account Reductions (\$-7.74M)
 - One-Time Salary Reductions (\$-11.72M)
 - Ongoing Salary Reductions (\$-1.62M)
 - Police - Sworn Overtime Reductions (\$-20.18M)
 - PW/Street Services - Pavement Preservation Reduction (\$-7.00M)

- **2021-22 Separation Incentive Program (\$-28.70M)**
 - Separation Incentive Program - Participant Attrition (\$-65.37M)
 - Separation Incentive Program - Cash Payments (\$42.48M)
 - Separation Incentive Program - Alternative Reductions (\$-5.81M)

NET SURPLUS/DEFICIT\$0

Overview of the Mayor's Proposed Budget 2021-22

2021-22 and Future Years

The Mayor's Proposed Budget is reflective of a City and local economy that is in transition both economically and socially. When the 2020-21 Proposed Budget was released in April 2020, the severity of the COVID-19 Pandemic's impact was unknown and difficult to predict. A year later, Safer At Home orders are still in effect. These orders, put in place for the protection and well-being of the population, have drastically affected City revenues. While the number of COVID-19 cases, hospitalizations and deaths have declined, there is still significant uncertainty as we move into the 2021-22 Fiscal Year with reports of new outbreaks in other regions, the discovery of new COVID-19 variants and the uncertainty regarding the number of residents and visitors who will be fully vaccinated. Even though social distancing and vaccination measures prove to be successful in slowing the number of positive cases and severity of the disease, it is unclear when the majority of Los Angeles visitors and residents will be willing to resume normal activities.

In the current 2020-21 Fiscal Year, the City will receive one-time Federal funding totaling \$880.6M from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and additional federal funds from the American Rescue Plan (ARP). Under the Biden Administration's ARP, the City is eligible to receive a total of \$1.354B to be allocated in two increments of \$677.2M, with the first payment expected to be received in late 2020-21. Without the receipt of both CARES Act and ARP funds in 2020-21, budgeted revenue would have experienced a shortfall totaling over \$500M. Prior to the passage of the ARP, with an unprecedented funding shortfall looming, the City's options to close the budget gap required the use of the full balances of the Budget Stabilization Fund and the Contingency Reserve Account of the Reserve Fund, as well as the issuance of debt for operational expenses. These actions would have left the City's reserves with only \$180M in the Emergency Reserve Account.

The timing of the second payment of ARP funds is expected in late 2021-22 and will be received no less than twelve months after receipt of the first payment. In addition to the unknown timing of this payment, the spending guidelines are yet to be released by the U.S. Department of the Treasury. The Mayor's Proposed Budget has programmed this funding assuming maximum flexibility to restore funding in critical areas while also adding a wide array of new programs and services. While it is not in line with the City's financial policies to use one-time revenues for ongoing services, the Proposed Budget, as well as projections for future years' revenues, assume that ongoing services and programs will be funded with revenues from an economy that has yet to return to pre-Pandemic growth levels.

The Mayor's Proposed Budget projects that the Reserve Fund will begin 2021-22 at \$696.1M, or 9.49 percent of General Fund revenues. With the uncertainty of several factors, including future COVID-19 infections, the speed at which the economy recovers, the timing of the ARP payments and the guidelines under which the ARP funds can be spent, a healthy reserve is critical for the City. Should the City experience another COVID-19 surge resulting in the reversal of business openings, restrictive guidelines as to the expenditure of ARP funds, or any other unforeseen emergency or natural disaster,

Overview of the Mayor's Proposed Budget 2021-22

the level of the Reserve Fund as presented by the Proposed Budget will be imperative. Additionally, because the Proposed Budget includes numerous one-time uses of funds for programs for which there may be a desire to continue, having a strong Reserve Fund provides a means by which to carry forward programs in subsequent fiscal years.

As the City's finances transition from a Pandemic-related economic downturn to economic recovery, the Proposed Budget also reflects a City experiencing social upheaval. With hundreds of thousands of jobs suddenly lost and a corresponding spike in the unemployment rate, homelessness and near-homelessness saw exponential growth. To address this issue, the Proposed Budget allocates over \$800M to homelessness-related programs, which is a \$400M increase from 2020-21. Funding will include allocations for housing and services for homeless individuals in the City, such as CARE and CARE+ Teams and expansions, the addition of regional storage facilities, hygiene programs, domestic violence shelter operations expansion, a human trafficking pilot program, homeless prevention and eviction defense, CIRCLE: 24/7 Homelessness Crisis Response Pilot, and the expansion of LA RISE, providing job development activities for homeless individuals and participants at A Bridge Home sites. It should be noted that with the recent developments on the LA Alliance lawsuit, there remains a possibility that these allocations could be put in jeopardy.

To address other social challenges facing the City, the Proposed Budget also adds numerous new equity and justice initiatives, such as LA REPAIR (Reforms for Equity and Public Acknowledgment of Institutional Racism), BIG:LEAP (Basic Income Guaranteed: L.A. Economic Assistance Pilot), Student to Success Pilot, the TransLatin@ Coalition, Food Rescue in Food Insecure Communities, Digital Inclusion as well as expanding on well-established programs such as Congregate Meals for Seniors, Gang Reduction and Youth Development (GRYD), Summer Night Lights and LA's Best afterschool programs. In addition to the above programs, the Proposed Budget includes the addition of two new City departments: Community Investment in Families and Youth Development. The proposed General City Purposes budget alone provides an additional \$300M to citywide programs, nearly all of which address the needs of the homeless, other vulnerable populations, including seniors and youth, are aimed at economic recovery with special emphasis on lower income and disadvantaged communities, small or minority-owned businesses and other segments of the population which have historically been subjected to systemic racial and social equity issues.

In order to support these programs while protecting existing services and the City's workforce in 2021-22 and future years, the Mayor and Council must balance these unprecedented investments with a degree of fiscal restraint in this time of economic uncertainty. Until a full economic recovery is underway and flexibility in the expenditure of federal funds is guaranteed, maintaining strong reserves are necessary to provide a solid foundation for funding the vital services upon which City residents depend.

Overview of the Mayor's Proposed Budget 2021-22

Significant Issues

Policy Considerations

Compliance with Financial Policies:

City Financial Policies		Mayor's Proposed Budget
Reserve Fund	The Reserve Fund shall be 5% of the General Fund Budget.	Compliant: Proposes a Reserve Fund of \$696.1M which equates to a Reserve Fund rate of 9.49% of General Fund revenues, as compared to a 3.64% rate for the 2020-21 Adopted Budget. (See discussion on the Reserve Fund).
Capital & Infrastructure	To the extent possible, the City shall annually budget 1.5% of General Fund revenue to fund capital or infrastructure improvements.	Compliant: Provides 2.07% of General Fund revenue for capital and infrastructure projects (\$152.1M), which exceeds the 1.5% investment threshold by \$42M.
One-time Revenue	To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures.	Not Compliant: \$714.8M in one-time revenue is programmed in 2021-22. According to the CAO Supporting Documents, one-time expenditures totaling \$581.2M are included in the 2021-22 Proposed Budget. Thus, \$133.6M of one-time revenues is used for ongoing expenditures in this year's proposed budget.
Pension & Retirement Funding	When the required contribution rate falls significantly below the normal cost rate, the City will set aside the incremental rate amount for one-time expenditures only.	Not Applicable: A credit has not been earned; therefore funding is not set aside in accordance with this policy.
Budget Stabilization Policy	This fund is intended to prevent overspending during prosperous years and provide resources to help maintain service levels during lean years.	Compliant: \$118M is included in the 2021-22 Proposed Budget for the Budget Stabilization Fund (BSF). No transfer to or from the BSF is required. (See discussion on the BSF.)
Debt Policy	<p>This Policy guides the use of General Fund revenue to pay debt service. Debt should be used to finance essential capital assets with a useful life of six years or more. City operations, maintenance, or capital equipment with less than a six-year useful life should be funded with pay-as-you-go financing.</p> <p>The ratio of total debt service payments (including voter approved debt) shall not exceed 15% of General Fund revenues, and the ratio for non-voter approved debt, alone, shall not exceed 6%.</p>	Compliant: The 2021-22 Proposed Budget complies with this Policy, inasmuch as proposed debt will result in a total debt ratio of 5.04% (as compared to 5.39% for 2020-21) and a non-voter approved debt ratio of 3.45% (as compared to 3.58% for 2020-21). Both of these debt ratios are within the debt ceilings established by the City's Debt Policy.

Overview of the Mayor's Proposed Budget 2021-22

City Reserves

Reserve Fund: The 2021-22 Proposed Budget anticipates a \$696.1M Reserve Fund, consisting of a \$201.8M Emergency Reserve Account and a \$494.4M Contingency Reserve Account. This amount also includes a \$50M transfer to the Reserve Fund from the General Fund. This equates to 9.49 percent of total General Fund revenues of \$7.34B. The City's Financial Policies require the Reserve Fund to have a minimum balance of 5 percent of all General Fund Revenues. Due to unbudgeted COVID-19 related spending in 2020-21 and revenue losses associated with the response to the Pandemic, the Reserve Fund dropped below the 5 percent level for the first time in seven years in 2020-21.

Charter Amendment P, approved by the voters in March 2011, requires the establishment of an Emergency Reserve Account that contains no less than 2.75 percent of General Fund receipts and a separate Contingency Reserve Account in the Reserve Fund. Expenditures from the Contingency Reserve Account are limited by Charter Amendment P. Funding in the Contingency Reserve may be used to cover shortfalls in City revenue or pay for unexpected expenses for programs approved in the current year budget.

The following chart shows the state of the Reserve Fund on July 1 for the past four years:

	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Proposed 2021-22
Contingency Reserve	\$194.3M	\$175.6M	\$226.5M	\$ 78.6M	\$494.4M
Emergency Reserve	<u>\$160.2M</u>	<u>\$170.2M</u>	<u>\$180.7M</u>	<u>\$183.9M</u>	<u>\$201.7M</u>
Total on July 1 of FY	\$354.5M	\$345.8M	\$407.2M	\$262.5M	\$696.1M
% of General Fund	6.08%	5.59%	6.20%	3.93%	9.49%
Amount Transferred to Balance the Budget	\$9.1M	\$5.8M	\$0	\$0	\$0

The Emergency Reserve Account of \$201.7M equals 2.75 percent of General Fund revenues to comply with Charter Amendment P.

Despite the mostly positive recent financial news, the City's budget future remains extremely challenging. As described in the CAO's supporting documentation, the single greatest risk to the Proposed Budget is whether the U.S. Department of Treasury's guidance related to the use of the American Rescue Plan funds enables the City to use those funds as envisioned. The Proposed Budget assumes wide discretion for the use of these funds, including as revenue replacement to sustain general government purposes. If the federal guidance does not support this approach, reductions to programs and services may be required if alternative funding sources are unavailable. Additionally, one-time General Fund receipts total \$714.8M (includes \$677.2M in ARP funds) and have been allocated to one-time expenditures (\$581.2M) and ongoing expenditures (\$133.6M). The \$93M in excess of the 10 percent general reserves policy are not sufficient to cover these ongoing expenditures. Without a recovery of the City's own revenues to backfill these federal dollars, the austerity measures that City relied on and considered over the last year may need to be revisited. A strong Reserve Fund alleviates the burden on the

Overview of the Mayor's Proposed Budget 2021-22

City to make such a drastic about face on new commitments. Additionally, the future economic and social impacts of the Pandemic continue to be a major challenge, and the City must also maintain healthy reserves to provide flexibility for other potential emergencies, such as an earthquake, and for future economic downturns. It should be noted that the reserve is needed is based on the four year outlook. There are gaps projected over the next two fiscal years and while there are estimated surpluses, future compensation increases are not accounted for in 2023-24 and beyond, which could lead to deficits in future years.

Budget Stabilization Fund: As proposed, the Budget Stabilization Fund (BSF) will begin 2021-22 with a \$118M fund balance. The BSF was created as part of the 2009-10 Adopted Budget to help reduce the impact on services during years of slow revenue growth or declining revenue.

In January 2020, the Mayor and City Council adopted a revised policy for the BSF (C.F. 19-0600-S171). Pursuant to the policy, if growth in the cumulative receipts from the seven major revenue sources exceeds the Average Annual Ongoing Growth Threshold (average ongoing annual growth over the prior 20 years), the Budget must include a deposit into the BSF. In addition, for every one half percent that revenues exceed the Threshold, five percent of the value of that excess revenue must be deposited into the BSF, not to exceed 25 percent of the growth. Similarly, when growth of these receipts falls short of the Average Annual Ongoing Growth Threshold, the Budget may include a withdrawal from the fund in the amount of five percent of the revenue shortfall for each one percent of growth below the Growth Threshold.

Pursuant to the BSF policy, \$2.4M could have been withdrawn from the BSF to the Proposed Budget, however, a transfer was not proposed. In addition, the Unappropriated Balance (UB) line items for contingency funds - Reserve for Extraordinary Liability (not funded in 2020-21, and includes \$20M in the 2021-22 Proposed Budget) and Reserve for Mid-Year Adjustments (allocated \$30.1M in the 2020-21 Adopted Budget and includes \$12.5M in the 2021-22 Proposed Budget) will allow more flexibility in responding to interim budgetary problems.

Adding the BSF, Reserve Fund and the allocation set aside in the UB, Reserve for Mid-Year Adjustment, the 2021-22 Budget contains total reserves of \$826.6M or 11.27 percent of the General Fund and, for the first time, the City will achieve its goal of maintaining reserves at 10 percent of the General Fund.

Revenues

Revenue Outlook: The impact of the COVID-19 Pandemic has caused massive disruptions to businesses and the economy at large. Sectors such as travel, entertainment and hospitality have taken the greatest hit. Tourism in Los Angeles County dropped 48.5 percent from 2018-19, and unemployment within the City increased from 4.7 percent in February 2020 to 19.1 percent during the height of the Pandemic and is now at 10.2 percent. As businesses transitioned into teleworking solutions, the demand for commercial retail and office space declined. The drop in demand for parking can also

Overview of the Mayor's Proposed Budget 2021-22

be attributed to the slowdown of the economy and the change in the working conditions. As a result, the City's tax revenues that reflect these economic changes, sales tax, business tax, transient occupancy and parking occupancy, are falling well below the amounts predicted in the 2020-21 Adopted Budget. The shortfall between budget assumption and realized receipts has resulted in a year-end revenue deficit of close to \$600M for 2020-21, nearly a 10 percent reduction in General Fund receipts.

To sustain the economy and provide support for individuals, businesses, and state and local governments, the federal government provided relief and stimulus funds via the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act. The Proposed Budget notes that the ARP funds will offset the City's current year revenue shortfall and the reduced receipts anticipated for the 2021-22 Budget. Additionally, disaster assistance grants from the Federal Emergency Management Agency (FEMA) are anticipated to partially reimburse the City's Pandemic response efforts for this year and next. The Proposed Budget presumes no additional closures and anticipates herd immunity from the COVID vaccines by the end of July 2021.

2020-21 Revised Receipts: Revised General Fund revenues for 2020-21 is now estimated at \$7B, which represents an increase of \$336.6M or five percent above adopted revenue. This includes the receipts from one-time federal funding of \$880.6M. Excluding federal relief funds, budgeted revenue would end the year at \$6.1B, \$544M (-8.1 percent) short of adopted receipts. The \$544M shortfall includes Pandemic-related losses for the economy-sensitive revenues totaling \$280.6M in the transient occupancy (\$-144.1M), parking occupancy (\$-45.1M), sales (\$-40.9M), property (\$-33.8M), business (\$-9.6M) and utility users (\$-7.1M) taxes. This represents a net decline in all seven taxes of -2.3 percent.

Other Pandemic-related losses in the current year revenue include reduced city services and reimbursements across several departments (\$-184.5M), decreased parking-related receipts (\$-80.1M), reduced earnings on investments (\$9M) and less 2019-20 operating revenue to fund the 2020-21 Power Revenue Fund transfer (\$5.7M). Smaller surpluses in property tax increments, documentary transfer and residential taxes (\$13.6M) and other miscellaneous receipts (\$2.3M) have slightly offset the revenue losses.

2021-22 Proposed General Fund Revenue: The Proposed Budget estimates total General Fund receipts for 2021-22 to increase by approximately 4.5 percent above 2020-21 revised receipts, to \$7.3B. Seven major taxes (property, utility, business, sales, document transfer, transient occupancy and parking occupancy) account for 70 percent of total General Fund revenue and are sensitive to economic downturns. Overall, the combined growth in these seven tax categories is expected to be 8.8 percent, which presumes recovery in transient and parking occupancy taxes that together dropped an estimated 65 percent from pre-Pandemic receipts. Sales tax and business tax dropped 8.1 percent from 2018-19 revenue. However, high growth is expected for sales tax, and it is presumed that 2021-22 revenue surpasses 2018-19 receipts as the economy moves towards a pre-Pandemic growth trend. Receipts for non-cannabis related business taxes reflect a more modest but still higher than average growth, as receipts reflect the

Overview of the Mayor's Proposed Budget 2021-22

economic conditions of the prior calendar year. The estimates for property, utility users and documentary transfer taxes reflect previous growth trends, as the Proposed Budget assumes that they were minimally impacted by the Pandemic.

The Proposed Budget notes that issues that may adversely affect the 2021-22 revenue projections include the stalling of vaccination efforts or COVID variants that prove vaccine-resistant, leading to additional closures.

Property Based Revenue: In 2021-22, property-related revenues (\$2.4B) will account for approximately 32.7 percent of the City General Fund revenue. The Proposed Budget assumes a 6.1 percent growth in total assessed value for 2021-22. In future fiscal years, the Proposed Budget forecasts that property taxes will increase by five percent in 2022-23 to \$2.5B, then rise by five percent in each of the three subsequent fiscal years to reach \$2.9B in 2025-26. The dissolution of Community Redevelopment Agencies (CRAs) beginning in 2011 triggered the subsequent redistribution of former tax increment revenue to various taxing entities, including the City. The City began receiving additional property tax payments (former tax increment revenues) beginning in June 2012, and the Proposed Budget anticipates that the City will receive \$112M in former CRA funds in 2021-22.

Documentary Transfer Tax: Revenue from the documentary transfer tax is generated when real property is sold or when controlling interest in a legal entity that owns real property in the City is transferred. It is assessed at the time of sale or transfer, at a rate of \$2.25 per \$500 of value. Projections in the 2021-22 Proposed Budget anticipate documentary transfer revenues of \$219.9M, which represents an approximate increase of \$4.1M from the 2020-21 Adopted Budget. Revenues have increased due to the quick recovery in home sales after the first Pandemic-related closures. Outgoing years assume stable sales volume and prices. Revenues are projected to remain flat in each of the next four fiscal years.

Transient Occupancy Tax: The Transient Occupancy Tax (TOT) is levied on hotel or motel rooms and other properties rented for 30 days or less, and is collected by the operator and remitted to the City monthly. The TOT rate is 14 percent, of which 13 percent is deposited into the General Fund and one percent is remitted to the Los Angeles Visitors and Convention Bureau Trust Fund. Of the 13 percent deposited in the General Fund, one percent is allocated to Cultural Affairs for art and cultural-related programming.

Monthly receipts since April 2020 have been approximately 28 percent of the previous year. While the 2021-22 Proposed Budget assumes a 75.5 percent increase from the revised 2020-21 estimate, the revenue amount remains below pre-Pandemic levels. The estimates are based on assumptions for room demand and room rates. The 2021-22 Proposed Budget assumes a 76.1 percent increase (\$61.1M) in revenue from hotel receipts and a 73.2 percent increase (\$14.9M) in revenue from short term rentals. Overall, the 2021-22 Proposed Budget assumes a 75.5 percent increase (\$76.1M) for total TOT revenues of \$176.8M. A gradual recovery to pre-Pandemic hotel room demand is anticipated by 2023-24.

Overview of the Mayor's Proposed Budget 2021-22

Sales Tax: The Proposed Budget estimates that sales tax revenue for 2021-22 will total \$606.6M, an increase of \$90.5M (17.5 percent) from the 2020-21 Revised Budget amount of \$516.1M. Actual and revised sales tax revenue for 2019-20 and 2020-21 reflect two consecutive years of decline due to the impacts of the Pandemic, the resulting recession and the State's tax relief measures. The Proposed Budget assumes high growth for sales tax revenue with the return of indoor business operations, a decline in unemployment and low inflation. While the assumed 2021-22 sales tax revenue represents a move toward the pre-Pandemic growth trend, proposed receipts are only 4.3 percent above the pre-Pandemic revenue realized in 2018-19.

Business Tax: For 2021-22, the Proposed Budget anticipates net business tax revenues of \$708.6M, a 4.7 percent increase from the 2020-21 estimated year-end total of \$676.9M. This increase is primarily due to continuing growth in cannabis-related business activity and recovery in non-cannabis related business activity, which will be impacted as Pandemic-related closures and business restrictions continue into the 2021 calendar year. The Proposed Budget assumes no change in revenue from non-cannabis business tax activity due to increased recovery growth, which will be offset by the loss of tax amnesty revenue from an amnesty program conducted in 2020-21. For 2021-22, cannabis-related business taxes assume continued, but decreasing, growth primarily attributed to assumptions for cannabis receipts.

Power Revenue Transfer: The transfer from the Power Revenue Fund is set as a percentage of prior-year gross operating power revenue, not to exceed net income. The 2021-22 transfer will be subject to the approval of the Board of Water and Power Commissioners. The amount included in the 2021-22 Proposed Budget is \$225.8M, which is a \$7.5M increase from the 2020-21 transfer amount of \$218.4M. The increase in revenue reflects the easing of Pandemic-related restrictions.

Charter Amendment J requires the Department of Water and Power (DWP) to submit its preliminary budget for the upcoming fiscal year to the City Council by March 31, to allow Council to consider the impacts of the DWP budget on the City. The Board of Water and Power Commissioners considered the 2021-22 Preliminary Budget on March 30, 2021. DWP's Preliminary Budget was transmitted to the City Council on March 30, 2021.

Fees: The following fee adjustments are included in the 2021-22 Proposed Budget:

Fire: Proposed fee increases for Emergency Medical Ambulance Transport, which is revised annually, are estimated to generate \$0.7M in revenue. The anticipated implementation date for the next fee adjustment is January 2022.

Street Services: The Protected Tree Ordinance includes two fees, a flat application fee and an inspection fee. The City last updated the Protected Tree Ordinance Fee in 1998. The number of protected tree species was recently updated from four to six, increasing the workload for the Bureau of Street Services (BSS). The revenue of \$0.3M will cover the permit work of two new positions added to the 2021-22 Proposed Budget for BSS.

Overview of the Mayor's Proposed Budget 2021-22

City Planning: The Planning Case Processing Fees will generate \$6.9M for the 2021-22 fiscal year. The Proposed Budget assumes that the Department of City Planning's original fee proposal will be adopted in mid-August and become effective in mid-October.

Fees – Not Full Cost Recovery: The CAO's Supporting Document identifies a total of 12 license, fees, and permits that are not full cost recovery in the following departments:

- Animal Services (6)
- Housing (2)
- City Planning (2)
- Street Services (1)
- Sanitation – Solid Waste Fee

In 2021-22, it may be prudent to review the license, fee, and permit amounts and consider whether it is appropriate to adjust the charges to the public for cost recovery.

Other Efficiencies and Reductions

The Mayor's Proposed Budget includes over \$48.3M in efficiencies and reductions. Most of the savings from efficiencies are generated through a reduction in Police Sworn Overtime (\$-20.2M) and One-time Salary Reductions (\$-11.7M). Other efficiencies come from reductions to the Pavement Preservation Program (\$-7.0M) and Expense Account reductions (\$-7.7M).

Additionally, for the purposes of cost containment and savings in 2020-21, the City instituted a hiring freeze policy and administered the Separation Incentive Program (SIP). The Proposed Budget includes savings from eliminating regular authority positions vacated through the SIP Program and one-time budget reductions from departments in lieu of eliminating high priority SIP positions. As a result, the Proposed Budget also includes \$65.4M in participant attrition (including attrition that would have naturally occurred), \$42.5M in cash payments to SIP participants and \$5.8M in alternative reductions. The Proposed Budget does not anticipate continuation of the Hiring Freeze policy unless revenues do not meet anticipated levels.

Partially Funded/Unfunded Positions: The Mayor's Proposed Budget includes 363 partially funded and unfunded positions; 271 have partial funding, while the remaining 92 are authorized without funding. In prior years, new positions were provided nine-months funding because it is assumed that the positions cannot be filled immediately on July 1. The 2021-22 Proposed Budget provides both nine-months funding and in some cases, six-months funding for new positions. Partial funding and resolution authority is provided for 21 full-year Firefighter III positions in the Fire Department. These positions are partially funded (83 percent funded) by the Federal Emergency Management Agency's (FEMA) Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program.

Changes in Authorized Positions: The 2021-22 Proposed Budget deletes a net 1,077 regular authority positions and 104 resolution authority positions. This includes 261 regular authorities deleted from the Police Department, 140 regular authorities from the

Overview of the Mayor's Proposed Budget 2021-22

Department of Recreation and Parks, 130 regular authorities from the General Services Department, 117 regular authorities from the Bureau of Street Services and 76 regular authorities from the Housing Department. Resolution authorities are typically provided for programs with a limited duration. A majority of resolution authorities removed in the 2021-22 Proposed Budget are in the Bureau of Engineering, the Bureau of Contract Administration, the Housing Department (including transfers to the new Community Investment for Families Department), the Police Department and the Bureau of Street Lighting. Most of the deleted positions are SIP positions (886) or alternatives to SIP positions (392).

Deletion of Filled Positions: The 2021-22 Proposed Budget recommends the deletion of filled positions. It is anticipated that incumbents in these positions will be absorbed into other departmental vacancies; therefore, no layoffs are anticipated in the 2021-22 Proposed Budget. A total of 18 filled positions are proposed for deletion (17 are resolution authorities and one is regular authority), as follows:

- Building and Safety: one Senior Building Mechanical Inspector and one Building Mechanical Inspector;
- Economic and Workforce Development: one Senior Project Coordinator;
- Emergency Management: one Emergency Management Coordinator I;
- Housing: one Senior Administrative Clerk and one Assistant General Manager;
- Board of Public Works: one Management Analyst;
- Bureau of Sanitation: six Environmental Engineering Associate IIs, two Environmental Engineering Associate IIIs and two Senior Environmental Engineers; and
- Bureau of Street Services: one Principal Civil Engineer.

Newly Funded Initiatives: Funding (\$13.4M) for new initiatives is included in the Proposed Budget throughout several departments, as follows:

Building and Safety

- External Communications Support (\$0.1M)

City Clerk

- Administrative Support for the new Community Investment for Families and Youth Development departments (\$0.1M)

Department of City Planning

- HPOZ Technical Assistance and Grant Program Pilot (\$0.2M)

Civil and Human Rights Commission

- Office of Racial Equity (\$0.4M)

Community Investment for Families

- Families, Children, and Community Investment Services (\$1.8M)

Cultural Affairs

- Youth and Creative Workers Mural Program (\$1M)
- We Create LA (\$1M)
- Victims of the 1871 Anti-Chinese Massacre Memorial (\$0.3M)

Overview of the Mayor's Proposed Budget 2021-22

- Victims of Gun Violence Memorial (\$0.3M)
- El Pueblo*
- Marketing and Rebrand Strategy (\$0.04M)
- Housing*
- Policy, Planning and Performance (\$0.1M)
- Library*
- Racial Equity Action Plan (\$0.03M)
 - Library Experience Office Staff Enhancement (\$0.5M)
 - Social Service Outreach (\$0.9M)
 - Event Notification System (\$0.03M)
 - Security Cameras and Badge Access (\$1M)
 - Training (\$0.2M)
- Personnel*
- Equity Review Panel (\$0.6M)
 - Human Resources Support (\$0.1M)
- Police*
- Professional Standards Bureau Support (\$0.1M)
 - Diversity Recruitment (\$0.3M)
 - Boot Sanitizers and Disinfection Services (\$0.1M)
- Public Works - Board*
- Measure W Accounting Support (\$0.05M)
 - Workforce Equity Demonstration Project (\$0.2M)
- Public Works - Engineering*
- State Route 710 Mobility Improvements Projects (\$0.0M)
- Public Works – Sanitation*
- Regional Storage Facilities (\$3M)
- Youth Development*
- Management and Administration (\$0.8M)
 - Program Support (\$0.3M)

Targeted Local Hire: The Targeted Local Hire (TLH) Program seeks to target and recruit individuals from vulnerable populations and help provide an alternate pathway into civil service employment. The TLH Program utilizes a six-month on-the-job training period to train employees to perform at the level of the entry-level civil service classification into which they will eventually transition. TLH candidates will serve in one of the following eleven civil-service probationary classifications before transitioning to a civil service classification: Administrative Clerk, Animal Care Technician, Animal License Canvasser, Custodian, Delivery Driver, Garage Attendant, Gardener Caretaker, Maintenance Laborer, Street Services Worker, Tree Surgeon Assistant or Warehouse and Toolroom Worker.

As of March 31, 2021, 1,022 employees have been hired through the TLH Program since its inception in February 2017. The top-hiring departments are Airports (149), Recreation and Parks (122), Bureau of Sanitation (99), Police (86) and the Bureau of Street Services (79). Several departments have hired more than ten TLH applicants between July 1, 2020

Overview of the Mayor's Proposed Budget 2021-22

and March 31, 2021, including Personnel (15), Bureau of Sanitation (10), Recreation and Parks (22) and Transportation (20). Because the hiring freeze was applied in 2020-21, TLH hiring was lower than in the prior three fiscal years. Hiring is anticipated to increase in 2021-22.

The 2021-22 Proposed Budget continues funding and adds regular authority for one Senior Labor Relations Specialist II in the Office of the City Administrative Officer to strategically assess the size and scope of the City workforce and assist with the implementation of the Targeted Local Hire Program. The Proposed Budget also continues funding and resolution authority for 12 positions for the Strategic Workforce Development Task Force, Targeted Local Hire Working Group and Bridge to Jobs Program.

Separation Incentive Program (SIP): In order to reduce salary costs and the number of furlough days for civilian employees in 2020-21, the SIP was enacted. The Program provided a cash incentive, payable over two years, to retirement-eligible employees to encourage them to retire. In total, 1,377 individuals left City service through SIP in 2020-21.

The 2021-22 Proposed Budget provides funding in each departmental budget for the payment of the second year of cash incentives to individuals who participated in SIP, and recognizes the savings resulting from eliminating those positions. A number of departments requested authority to fill essential positions vacated by SIP participants and to offset those reductions with the elimination of other positions. The Proposed Budget authorizes these alternative reductions, which are reflected in departmental budgets.

In total, the Proposed Budget eliminates 886 SIP positions and 392 alternative positions, for a total of 1,278 positions. These position reductions will result in \$28.7M in net savings for the City in 2021-22. These savings are offset by payments to SIP participants in 2020-21. In addition, offsets to savings should be assumed because some SIP participants would have retired with or without the program. The departments with the largest number of positions eliminated are Police (269 civilian positions), Recreation and Parks (140 positions), General Services (132 positions), the Bureau of Street Services (127 positions), Bureau of Engineering (80) and Transportation (79 positions).

Expenditures

Liability Claims: \$87.4M is proposed for Liability Claims in 2021-22, a \$0.6M decrease from the 2020-21 Adopted Budget. Of this amount, \$80M is from the General Fund and \$7.4M is from various Special Funds. The Proposed Budget restores the \$20M in the Unappropriated Balance, Reserve for Extraordinary Liability, which was not included in the 2020-21 Adopted Budget. The Proposed Budget also includes \$4.4M in funding for Conflict Panel cases managed by the City Attorney, which is an increase of \$0.4M from the 2020-21 Adopted Budget.

Homelessness: Funding for homelessness programs is a central focus of the Mayor's 2021-22 Proposed Budget. The Proposed Budget provides an additional \$964.5M for homelessness-related programs, which includes \$164.3M in carryover funds from

Overview of the Mayor's Proposed Budget 2021-22

2020-21 allocations. The Proposed Budget doubles the amount allocated for homelessness programs in the 2020-2021 Adopted Budget. The Proposed Budget includes continued funding for hygiene services, Winter Shelter Program, Safe Parking, Comprehensive Cleaning and Rapid Engagement (CARE) teams, Operation Healthy Streets and administrative costs at the Los Angeles Homeless Services Authority (LAHSA). The Proposed Budget includes increased funding for programs such as CARE/CARE+ teams with the addition of a CARE Hazardous Waste Removal Services, expansion of CARE with two additional CARE+ teams and LA:RISE. The \$800.2M total budget includes \$361.9M in Proposition HHH funds for Permanent Supportive Housing Program costs in the 2021-22 Proposition HHH Project Expenditure Pipeline.

The Proposed Budget removes proactive engagement staff/support for public right-of-way clean up (\$-4.9M) as a result of reductions to the sworn force in 2020-2021. This program included four sergeants and forty police officers who supported the public right-of-way clean up and outreach conducted by Bureau of Sanitation and LAHSA.

New programs and services in the 2021-22 Proposed Budget include \$3M for establishment of regional storage facilities to serve people experiencing homelessness by providing storage for their belongings. The Proposed Budget includes a new program, CIRCLE: 24/7 (\$3M), a homelessness crisis response pilot that would provide a community-based response to non-violent emergencies involving people experiencing homelessness. New funding is included for Los Angeles Accessory Dwelling Unit Accelerator (\$2.6M) for a program to incentivize homeowners to build accessible dwelling units in their backyards to provide housing to low-income older adults. Funding is also provided for new multidisciplinary teams (\$0.9M) for Council Districts 4 and 11.

Other new funding includes \$20M for increasing production of affordable housing provided by the American Rescue Plan (ARP). There is also additional funding through the ARP for Homeless Prevention and Eviction Defense (\$19.9M), as well as funding for Homeless Services (\$60M). The Proposed Budget also includes funding for homeless prevention and eviction defense (\$15M) and funding to extend and expand Project Roomkey (\$42.8M).

The Proposed Budget continues funding for Additional Homeless Services in the amount of \$80M, which was formerly the Crisis and Bridge Housing Fund. This is an increase of \$70M from 2020-21. This funding can be used to fund gaps in the City's efforts to address the homeless crisis.

The remaining 2021-22 funding is allocated for various homeless programs and staff costs, including \$35M in Homeless Housing, Assistance and Prevention, a homeless grant awarded to the City for various services and programs including A Bridge Home Program established in 2018. The City will also be receiving \$29.9M in Homeless Housing, Assistance and Prevention Round 2 that will be used to support and develop additional capacity to address immediate housing needs and homeless services. The Proposed Budget allocates \$222.2M from the General Fund to City Departments and \$32.8M for LAHSA. There is additional funding in the Unappropriated Balance for

Overview of the Mayor's Proposed Budget 2021-22

homeless programs such as Homeless Engagement Teams and CARE/CARE+. With regard to Homeless Engagement Teams, nine-months funding is included in the Unappropriated Balance and three-months funding remains within the LAHSA budget for direct outreach services, pending further discussions by the Mayor and Council on the delivery of these services.

Accessible Housing Program: A total of \$236.6M is proposed in the 2021-22 Budget, for the Accessible Housing Program, which is a \$165.5M (232.7 percent) increase compared to the 2020-21 Adopted Budget. Relative to the class action lawsuit, *Independent Living Center of Southern California v. the City of Los Angeles, et al*, the approved Settlement Agreement requires the City to invest \$200M over ten years for Program implementation and the production of 4,000 accessible rental housing units. In 2019, the City entered into a Voluntary Compliance Agreement (VCA) with the U.S. Department of Housing and Urban Development to produce 4,031 accessible rental housing units within 10 years by retrofitting 3,100 existing units and financing new units. Funding in 2021-22 will produce 745 accessible units toward the City's 4,000 unit goal.

The Proposed Budget allocates \$33.9M from the General Fund, \$50.7M in Special Funds (Proposition HHH funds) and \$152M in funding from Other Funds (subsidies from other sources including low income housing tax credits, federal, state, and county funds) to satisfy the terms of the related Settlement Agreement.

The Proposed Budget includes funding to the Housing Department and the Office of the City Attorney for administrative costs to implement the requirements of the Settlement Agreement (\$9.2M), funding in the Unappropriated Balance for costs associated with inspecting accessibility and conducting accessibility retrofits (\$2M), funding in the Special Purpose Fund Appropriations for retrofits and relocation assistance to tenants of occupied units (\$3.2M) and a Chief Architect (\$10.2M).

Neighborhood Council Fund: The Neighborhood Council Fund, administered by the City Clerk, provides funding to certified Neighborhood Councils each Fiscal Year for Neighborhood Council operations and neighborhood improvement projects. The Neighborhood Council Fund provides each Neighborhood Council \$32,000, which is the same amount as 2020-21, for a total appropriation of \$3.2M for 99 certified Neighborhood Councils.

Proposed Policy and Ordinance Changes

Exhibit H - Required Ordinance Changes and Other Budgetary Actions: Exhibit H outlines actions necessary to be taken by the Council and Mayor in order to implement the Proposed Budget. In past years, the Proposed Budget has also included instructions in Exhibit H and proposals on policy matters for which Council has already taken action, or that may require further refinement and discussion in a Council Policy Committee and full Council prior to endorsement.

Overview of the Mayor's Proposed Budget 2021-22

Notable instructions in Exhibit H of the 2021-22 Proposed Budget include the following requests for Ordinance changes to implement the Proposed Budget:

- Authorize the issuance of an amount not-to-exceed \$2B in Tax and Revenue Anticipation Notes to address short-term cash flow needs and to make the full annual contribution payments to LACERS and Los Angeles Fire and Police Pensions Fund.
- Amend Los Angeles Administrative Code Section 5.97 to remove the required 40 percent set aside of cable franchise fee receipts to the Telecommunications Development Account and instead deposit all cable franchise fee receipts to the General Fund.

Exhibit H also includes ordinances to establish the new Community Investment for Families Department and the new Youth Development Department. An instruction for the Community Investment for Families Department to research and design a Basic Income Guaranteed Program is also included. Additionally, an instruction to the Controller to establish a new account to receive and disburse Affordable Housing and Sustainability Communities (AHSC) grant funds is included. There are a number of instructions and requests to report on several issues, including: law enforcement alternatives and options to consider, a comprehensive plan for a Citywide Leasing Fund, outreach and community engagement on the issue of climate emergency, a review of Special Events permits, a fee update for work covered by the Protected Tree Ordinance, a plan to target vendor education and outreach in neighborhoods that have historically been disinvested in and have a thriving vendor community and options to increase the Zoo's share in fundraising revenues.

Federal and State Issues

Federal Funding - American Rescue Plan Act of 2021: The 2021-22 Proposed Budget includes the second tranche of \$677.2M in anticipated fiscal recovery funds. The first tranche of \$677.2M is expected to be distributed in 2020-21, and pursuant to Council action as part of the 2020-21 Third Financial Status Report, the City intends to use the first allocation of American Rescue Plan (ARP) funds to replace lost revenue stemming from the COVID-19 emergency. The U.S. Department of the Treasury is in the process of refining the estimates and preparing guidance for use of the ARP funds. The guidance is yet to be released, therefore, the use of these funds as planned is contingent upon the alignment of the Proposed Budget allocations with the final guidelines.

Eligible expenditures identified in the legislation include: (a) Responding to Economic Impacts; (b) Performance of Essential Work; (c) Provision of Government Services; and (d) Investments in Water, Sewer or Broadband Infrastructure.

The Mayor's Proposed Budget for FY 2021-22 includes ARP funding for a number of programs under the following categories:

Overview of the Mayor's Proposed Budget 2021-22

- **COVID Response and Recovery** – Funding of \$40.4M includes support for restaurant recovery, business attraction and tourism in the General City Purposes budget (\$35.8M), municipal facilities modifications in the Capital and Technology Investment Expenditure Program – Municipal Facilities (\$2M) and Al Fresco dining program enhancements (\$1.9M).
- **Homelessness Services** – Funding of \$181.1M, includes homelessness prevention, services and support in the General City Purposes budget (\$135.5M) and CARE and CARE+ teams, as well as regional storage facilities in Public Works - Sanitation (\$40M, including the Unappropriated Balance amount).
- **Justice and Equitable Neighborhood Investments** - Funding of \$132.5M is allocated to new and expanded programs including Basic Income Guaranteed, support for racial equity and community intervention through LA REPAIR (Reforms for Equity and Public Acknowledgement of Institutional Racism) and digital inclusion in the General City Purposes budget (\$80.3M), alleys and pedestrian safety improvements in Capital and Technology Investment Expenditure Program – Municipal Facilities (\$14.5M) and community initiatives in the Unappropriated Balance budget (\$14M).
- **Neighborhood Service Enhancements** - Funding of \$30M is included in the General City Purposes budget to support one-time neighborhood service enhancements.
- **Operational Needs and Efficiencies** - Funding of \$30.5M includes Fire self-contained breathing apparatus and Zoo W-Fi in the Unappropriated Balance budget (\$20M) and an asset management system under Public Works-Street Services (\$2.6M).
- **Preserving City Services** – Funding of \$262.8M supports various City services including services in the Gang Reduction and Youth Development Office, Council Community Projects and home-delivered meals for seniors in the General City Purposes Budget (\$53M), fire response, constant staffing, deployment of services and recruitment under the Fire Department (\$53.6M) and Cybersecurity for Personnel, Redistricting Commission support, General Fund support of Zoo and El Pueblo, Human Resources and Payroll System Contingency and various reserves in the Unappropriated Balance budget (\$42.4M).

State Funding: The State continues to experience uncertainty in its budgeting process due to the COVID-19 Pandemic and a delay in collecting income taxes. As noted in news reports, the IRS delayed the collection of federal income taxes until May 17, 2021, which results in a corresponding delay in the collection of State income taxes. Since this revenue source is a significant proportion of the State budget, it is not possible to adopt a complete budget by the Constitutionally-mandated date of June 15, 2021. As a result, it is

Overview of the Mayor's Proposed Budget 2021-22

anticipated that the State will adopt a provisional budget to meet the Constitutional deadline, and then adopt additional measures later in the year as final revenue collection data is determined.

It should be noted, however, that the State expects a considerable surplus of revenues for FY 2021-22 and legislators are proposing a number of significant funding allocations. For example, legislators in the Senate have proposed allocating billions for programs related to housing creation and reducing homelessness; assisting families and children; and addressing climate-related issues associated with drought and wild fires.

Due to the provisional nature of the State budget in FY 2021-22, staff will need to monitor developments in Sacramento and report to Council as new information is available.

Summary of Proposed Departmental and Other Changes

Proposed Changes to Departmental Budgets

Animal Services: The Proposed Budget continues funding (\$0.1M) and adds regular authority for two Veterinary Technician positions. The Proposed Budget also continues funding (\$0.1M) and adds regular authority for one Public Information Director. Funding and resolution authority positions are continued to support the Animal Licensing Canvassing Program (\$0.2M; six positions) and the Administrative Citation Enforcement Program (\$0.1M; two positions).

Building and Safety: The 2021-22 Proposed Budget notes that 91.3 percent of the Department of Building and Safety's operations (\$121.4M) are special funded, with the remainder (8.7 percent or \$11.5M) provided by the General Fund. The Proposed Budget continues funding and staffing for a variety of Department programs and services, including: Soft-Story Plan Check; Non-Ductile Concrete Plan Check; Structural Plan Check Support; the Existing Building Energy and Water Efficiency Program; the Residential Inspector Training Program; the Commercial Inspector Training Program; Major Projects; Soft-Story Inspection; Commercial Building and Plumbing Inspection; Elevator Inspection; Engineering Case Management; Cannabis Business Case Management; Citywide Business Case Management; Code Enforcement Services; and the Monitoring, Verification and Inspection Program.

The Proposed Budget also adds nine-months funding (\$0.1M) and resolution authority for one Public Information Director II to provide critical and relevant information to residents and business owners.

Cannabis Regulation: The 2021-22 Proposed Budget continues funding and 31 resolution authority positions, which includes one Assistant Executive Director, one Principal Project Coordinator (Social Equity Program) and other positions. The Proposed Budget continues funding (\$1.4M) and resolution authority for nine positions and adds funding and resolution authority for five positions approved during 2020-21 for licensing,

Overview of the Mayor's Proposed Budget 2021-22

compliance and commission support. The Proposed Budget continues funding (\$0.6M) and resolution authority for five positions and adds funding and resolution authority for one position to support the Department's Social Equity and Business Development programs. Funding is also continued for five resolution authority positions to support the Department's community engagement and public policy programs.

City Administrative Officer: The Proposed Budget adds nine months funding (\$0.2M) and resolution authority for two positions to assist with monitoring and reporting on federal grants. Funding (\$0.2M) is continued and regular authority is added for one Senior Labor Relations Specialist II to assess the size and scope of the City workforce and assist with the implementation of the Targeted Local Hire Program.

City Attorney: The Proposed Budget provides the Office of the City Attorney with funding and staffing for the following programs:

- City Infrastructure Development Support: Funding (\$0.2M) and resolution authority for one Deputy City Attorney III is continued to support various City infrastructure development projects.
- Accessible Housing Program Additional Support: Funding (\$0.3M) and resolution authority for two positions are continued to provide additional support to the Housing Department on settlement matters resulting from the Independent Living Center case. Funding is provided by the Accessible Housing Fund.
- General Litigation Support: Funding (\$0.2M) and resolution authority for two positions is continued to provide support in-house attorneys handling civil litigation against the City.
- Cannabis Enforcement and Regulation: Funding (\$1.6M) and resolution authority for seven Deputy City Attorney II positions is continued to increase enforcement and prosecution against illegal cannabis businesses, as well as additional resolution authorities for four positions to support the Department of Cannabis Regulation.
- Neighborhood Prosecutor Program Support: Funding (\$0.8M) and resolution authority for six positions is continued to combat criminal activity by addressing the underlying issues of chronic offenders.
- Intellectual Property Crime Support: Partial funding (\$0.1M) and continued resolution authority for one position to aid in the prosecution of intellectual property crimes. This position was previously authorized as an off-budget resolution authority. Funding is provided by the Consumer Protection Trust Fund and through interim appropriations from the Intellectual Property Enforcement Program Grant.
- Affirmative Litigation Support: Funding (\$0.7M) and resolution authority for six positions is continued to provide support to the civil and criminal enforcement of consumer protection matters. Funding is provided by the Consumer Protection Trust Fund.

City Clerk: The 2021-22 Proposed Budget provides nine-months funding (\$0.1M) and resolution authority for two positions to provide administrative, human resources and

Overview of the Mayor's Proposed Budget 2021-22

budgetary support to departments. The Proposed Budget also adds one-time expense funding (\$3.5M) to conduct candidate filing, petition verification for both City and Los Angeles Unified School District races, as well as printing and mailing of Voter Information Pamphlets for City measures related to the June 2022 Primary Nominating Election. In addition, \$15M is set aside in the Unappropriated Balance for the June 2022 County election expenses.

City Planning: The 2021-22 Proposed Budget notes that 80.6 percent of the Planning Department's operations is special funded (\$46.3M), with the remainder (19.4 percent or \$11.1M) provided by the General Fund. The Proposed Budget provides continued funding and staffing for a variety of Departmental programs and services, including: the Policy Planning Housing Unit; General Plan updates; the CEQA Policy Unit; the Mobility Plan; re:codeLA; the Community Planning Team and its maintenance of the City's 35 Community Plans; the Specific Plan Maintenance Teams, including the Ventura and Warner Center Specific Plans; support for the LAWA Master Plan; the Venice Local Coastal Program; Transit Neighborhood Plans and Transit Oriented Districts; Home Sharing Administration and Enforcement; the Extended Home-Sharing Program; Environmental Impact Report Review Services; and the Performance Management Unit.

The Proposed Budget adds one-time funding (\$0.2M) for the Historical Preservation Overlay Zones (HPOZ) Technical Assistance and Grant Program Pilot, which partners with architectural organizations to provide technical assistance to low-income residents in HPOZs and small grants for rehabilitation projects. The Proposed Budget provides nine-months funding (\$0.2M) and resolution authority for two positions to provide entitlement services and to address public counter workload demands at the South Los Angeles Development Services Center. Funding (\$0.1M) and regular authority for one position is also provided to support the Community Liaison Program.

Civil, Human Rights and Equity Department: The Proposed Budget adds funding (\$1M) and continues resolution authority for twelve positions to support the Department's community engagement, equity and empowerment programming. Nine-months funding (\$0.4M) and resolution authority is added for three positions to develop and implement programs for the Office of Racial Equity. The Proposed Budget also adds seven Commissioner positions for the Commission on the Status of Women and eleven Commissioner positions for the Human Relations Commission both of which were previously under the Housing Department.

Community Investment for Families: The Proposed Budget provides \$14.1M in the new Community Investment for Families Department for 35 regular and 36 resolution authorities. The funding largely consists of salaries (\$6.3M) and contractual services (\$7.7M). Funding (\$1.8M) is provided for one regular authority and 21 resolution authorities for Families, Children, and Community Investment Services. Funding (\$3.3M) is provided for the Transfer of Community Investment Programs, which includes 34 regular authorities. Funding (\$9M) is provided for the Transfer of Community Investment Staff and Contracts, which includes 15 resolution authorities. The 49 positions transferred from the Housing Department will support various community investment programs that

Overview of the Mayor's Proposed Budget 2021-22

were previously under the Consolidated Planning and Program Operations Divisions of the Housing Department.

The Community Investment for Families Department will support the City's poverty reduction goals to enhance economic resilience for low-income households and the most vulnerable residents through existing programs and upcoming initiatives funded by grants and City funds. The Department will administer the City Family Source Centers, domestic violence and human trafficking shelters, Children's Savings Account and homeless prevention programs. The Department will also develop and administer the annual Housing and Community Development Consolidated Plan and support the Commission on Community and Family Services, Community Action Board and Domestic Violence Alliance. The Department aims to implement new initiatives to support vulnerable communities through improving access to financial and childcare services, guaranteed basic income programs and other services. The Department will oversee any programming related to early childhood education and for children ages 0-11.

Controller: The Proposed Budget includes resolution authority and funding to continue and increase services for several programs, including resolution authority for one position and nine-months funding (\$0.1M) for additional audit support for the Department of Building and Safety; funding (\$0.2M) for as-needed accounting staff to address unanticipated peak workloads; continued funding (\$0.3M) and resolution authority for two positions to continue a comprehensive reconciliation of all City special fund balances; and continued funding (\$0.6M) and resolution authority for four positions for the Human Resources and Payroll Project.

Convention Center and Tourism Department: The Proposed Budget provides \$1.4M for the Department, which is a 10.4 percent reduction from 2020-21. This reduction has been made in salaries general (\$-0.2M) to reflect the Separation Incentive Program. Several capital improvements to the Los Angeles Convention Center are proposed for MICLA financing (\$6.4M) for 2021-22, including Fire Pump Controller Replacement, Generator Controls Upgrade, Gilbert Lindsey Plaza Demolition and Resurfacing, HVAC Boiler Pump Motor Replacement and Waterproofing Upgrades Phase II.

Cultural Affairs: The 2021-22 Proposed Budget continues funding and resolution authority for positions at the Watts Towers Art Center (\$0.2M) and Vision Theater and Manchester Youth Arts Center (\$0.2M). One-time funding is provided to expand online programming and registration/ticketing systems. Funding (\$1M) is added for the Youth and Creative Workers Mural Program that seeks to create community-led murals that commemorate Los Angeles' neighborhoods and history. Funding is also added (\$1M) for We Create LA to provide low-income youth basic creative skills and programming to create art and cultural experiences throughout the City. Funding is provided to construct a Victims of 1871 Anti-Chinese Massacre Memorial (\$0.3M) and a Victims of Gun Violence Memorial (\$0.3M).

Economic and Workforce Development Department: A total of \$23.5M is proposed for allocation to the Department in the 2021-22 Proposed Budget, of which \$8.7M will be

Overview of the Mayor's Proposed Budget 2021-22

from the General Fund. The Department's 2021-22 Proposed Budget is \$0.5M (2.1 percent) greater than the 2020-21 Adopted Budget. The majority of funding for EWDD comes from the Workforce Innovation Opportunity Act Fund (\$11.6M), the General Fund (\$8.7M) and the Community Development Trust Fund (\$2M).

The Proposed Budget continues and adds funding to support the Day Laborer Program (\$1.4M) and the Los Angeles Regional Initiative for Social Enterprise (LA RISE) program (\$3.9M), which provides employment to job seekers with a history of homelessness.

The Proposed Budget continues funding for the YouthSource Centers, HireLA, and Cash for College (\$1.8M) and Economic Development and Comprehensive Job Creation (\$0.8M).

The General City Purposes budget includes \$36M in one-time funding for Restaurant and Small Businesses Recovery (\$25M); Angeleno Corps (\$5M); Student to Student Success Pilot (\$3.5M); and LA Optimized (\$2.5M), designed to assist youth, restaurants, and small, minority and women-owned businesses. In addition, the General City Purposes budget includes funding to double the number of participants in the Youth Employment Program (\$5.6M).

Finance: The Proposed Budget provides the Office of Finance with funding and staffing for new and existing programs, as follows:

- Banking Transition Support: Funding (\$0.3M) and resolution authority for three positions is continued to support the banking services transition and safeguard the City's financial systems.
- LATAx Cloud Migration and Technology Enhancements: One-time funding (\$1M) is added to the Contractual Services Account for the migration of LATAx to the cloud and other technology enhancements, including collection services and customer care.
- LATAx System Support: Funding (\$0.5M) is transferred from the Information Technology Agency (ITA) for maintenance and support of the LATAx application system. ITA previously provided this support using four positions. During 2020-21, this support was transitioned to be provided by contractors in the Office of Finance (C.F. 20-1154).
- Secure Cash Acceptance Operation: Funding (\$0.4M) and resolution authority for six positions is continued to process licenses and business tax payments for cannabis businesses.
- Customer Support Call Processing: Funding (\$0.2M) and resolution authority for three positions is continued to staff the Customer Support Contact Center.
- Cannabis Audit Unit: Funding (\$0.4M) and resolution authority for four positions is continued to perform annual audits of cannabis businesses.

Fire Department: The Mayor's Proposed Budget includes an increase of \$17.7M for Fire-related resources over 2020-21 levels. Funding (\$20M) is also included in MICLA

Overview of the Mayor's Proposed Budget 2021-22

for the acquisition of vehicles for the Department and MICLA funding (\$3.1M) is included for upgrades to the Fire Voice Radio System. In addition, a number of Fire-related allocations have been included in the Unappropriated Balance, including \$8.3M in contingency funds for compensation adjustments, \$6.7M for quarterly payments associated with the Ground Emergency Medical Transport QAF program, \$3M for Mutual Aid Overtime and \$21M for the replacement Self-Contained Breathing Apparatus.

- 2016 SAFER Grant: The Proposed Budget continues position authority for 48 Firefighter IIIs and adds funding (\$8.5M) to maintain the Fiscal Year 2016 Staffing for Adequate Fire and Emergency Response (SAFER) Grant program. The SAFER grant previously reimbursed the City for a portion of the salaries and related costs over the three-year term that began on January 22, 2018 and expired on January 21, 2021. This grant provided for the restoration of four engine companies in Lincoln Heights, Echo Park, Reseda and Mission Hills.
- 2017 SAFER Grant: Continues position authority for 21 Firefighter IIIs and adds partial funding (\$3.3M) to maintain the Fiscal Year 2017 SAFER Grant program to staff a Light Force at Fire Station 38 in the Wilmington Area. The 2017 SAFER Grant reimburses the City for a portion of the salaries and related costs over a three-year term that began on January 7, 2019 and expires on January 6, 2022.
- Wildland Fuel Management: Adds funding and regular authority for one Fire Captain I position, approved in 2020-21 (C.F. 20-0600), to supervise the Wildland Fuel Management Unit and address the workload and public safety issues resulting from escalated wildfire activity.
- Cannabis Enforcement: The Proposed Budget provides \$1M and regular authority for eight positions consisting of one Management Analyst, one Administrative Clerk and three Fire Inspector Is and three Fire Inspector IIs to inspect existing illegal cannabis facilities and enforce code compliance in coordination with the Police Department and City Attorney.
- Advanced Provider Response Units (APRUs): The Proposed Budget continues resolution authority and \$1.6M in funding for 12 positions, consisting of six Firefighter IIIs and six Emergency Medical Services (EMS) Advanced Providers, to staff six APRUs throughout the City in partnership with local hospitals.
- Youth Programs Coordinator: The Proposed Budget continues funding (\$0.1M) and resolution authority for one Senior Project Coordinator to coordinate youth programs for the Department.
- Youth Development Programs: \$0.3M and two resolution authority positions are continued to assist with oversight and implementation of youth programs.
- Youth Development Recruitment: \$0.1M and resolution authority is continued for one Firefighter III in the Recruitment Section to support Youth Development programs.
- Firefighter Recruit Training: \$8.3M in one-time funding is provided to hire and train 180 Firefighters in three new academy classes at the Valley Recruit Training Academy. Funding is provided for 22 weeks for a class scheduled to begin in July 2021, 22 weeks for a class scheduled to begin in January 2022 and 12 weeks for a class scheduled to begin in April 2022.

Overview of the Mayor's Proposed Budget 2021-22

- Probationary Field Training: \$0.8M is provided in the Overtime Variable Staffing account for Firefighter probationers from prior year academy classes to complete four- and nine-month field evaluations, skills testing and California State Fire Training requirements.
- Fire Share of Unrestricted Revenue: Based on the Fire Department's budget allocation, the Department's share of unrestricted revenue will decrease from 16.3 percent in 2020-21 (\$889.1M of \$5.5B) to 15.2 percent (\$936.5M of \$6.2B) in the 2021-22 Proposed Budget. While the percentage does not appear significant, each one percent equates to approximately \$62M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose.

General Services: The General Services Department's total budget is increased by \$14.3M from 2020-21 levels to \$271.3M. The Proposed Budget provides funding for various functions:

- Library Pressure Washing and Day Porter Services: Funding (\$1.5M) is increased for pressure washing and day porter services for the Library Department.
- Parking Services: Funding (\$0.1M) and resolution authority for one position is continued for parking services to implement the new visitor parking reservation system and the City's Electric Vehicle Charger Infrastructure Program. Funding (\$0.4M) is also continued for Pershing Square Parking Resources.
- Failed Street Program: Funding (\$0.1M) and resolution authority for one position is continued to support testing, design and equipment maintenance requirements for the Failed Streets Reconstruction Program.
- Custodial Services: Funding (\$0.5M) and resolution authority for ten positions is continued for custodial services.
- Automated Processing Software: One-time funding (\$0.1M) is continued for software licenses to assist payment clerks with the review, tracking and payment of invoices.

Housing Department: The Mayor's 2021-22 Proposed Budget renames the Housing and Community Investment Department (HCID) the Housing Department and transfers programs, positions and funding to a newly created Community Investment for Families Department. The new mission-focused Housing Department's total funding allocation is \$76.6M, of which \$5.7M will be from the General Fund. The Department's Proposed Budget is \$4.5M (5.6 percent) lower than the 2020-21 Adopted Budget. The majority of funding for the Housing Department comes from the Systematic Code Enforcement Fee Fund (\$31.1M), the General Fund (\$5.7M) and the Rent Stabilization Trust Fund (\$9.6M).

The 2021-22 Budget adds and continues funding for various Departmental programs and services, including:

- Underwriting support for the Proposition HHH Program (\$1M); and
- Accessible Housing Program (\$7M).

Overview of the Mayor's Proposed Budget 2021-22

Separate from, but related to the Department's Budget, is an allocation of \$32.6M in the General City Purposes budget for: the Homeless Shelter Program (\$21.9M); Operation Healthy Streets (\$7.2M); Los Angeles Accessory Dwelling Unit Accelerator Program (\$2.6M); Los Angeles Homeless Count (\$0.8M); Midnight Stroll Transgender Café (\$0.1M); and Clinica Romero (\$0.1M). The Housing Department oversees contracts with providers that implement homelessness-related programs, the majority of which are administered by the Los Angeles Homeless Services Authority (LAHSA). In addition, the Unappropriated Balance includes \$2M for the Accessible Housing Program Retrofit Contracts for architectural and construction services related to accessibility retrofits.

Programs transferred from the Housing Department to the newly created Community Investment for Families Department, include:

- Consolidated Planning (\$2.1M); and
- Program Operations (\$8.5M).

The related services transferred to the Community Investment for Families Department include Domestic Violence Shelter Operations, the Human Trafficking Shelter Pilot Program and the non-profit managed Family Source Centers.

Information Technology Agency: The Proposed Budget continues funding and staffing for various major ongoing technology projects, including human resources and payroll project staffing to support implementation of the Citywide centralized human resources and payroll solution, CyberLabLA to perform cyber security tasks and obsolete equipment replacement.

In addition, the Proposed Budget includes the following:

- \$3.8M for urgent public safety equipment replacement needs located at various mountaintop sites.
- \$0.1M to develop four additional language versions of MyLA311.
- \$14.2M for the third and final year of implementation of the Citywide, centralized human resources and payroll solution that will replace the 20-year old PaySR payroll application.
- \$0.7M for the Mobile Worker Program to replace 2,550 desk phones with mobile phones or wireless desk cellular telephones.
- \$0.7M for software licenses for the new Regional Procurement Portal to replace the Business assistance Virtual Network Procurement System.

Library: The Charter-mandated appropriation to the Library Department is increased by \$13M for a total allocation of \$218M in 2021-22. The Proposed Budget provides funding for new services, including: Racial Equity Action Plan (\$0.03M), Library experience office staff enhancement (\$0.5M); social service outreach (\$0.9M), event notification system (\$0.03M), security cameras and badge access (\$1M), training (\$0.2M), office supplies and outreach materials (\$0.1M), information technology equipment (\$0.1M), closed captioning services (\$0.1M), digital signage (\$0.1M) and laptop procurement (\$0.03M).

Overview of the Mayor's Proposed Budget 2021-22

The Proposed Budget also increases funding for subscriptions and licenses (\$0.1M), audio and visual production equipment (\$0.02M), information technology infrastructure enhancement (\$3.2M) and vehicle procurement (\$0.4M).

Personnel: The Proposed Budget includes funding (\$1M) and resolution authority for twelve positions for the Strategic Workforce Development Task Force, Targeted Local Hire Working Group and Bridge to Jobs Program. The Proposed Budget provides funding (\$0.6M) and resolution authority for two positions to establish the Equity Review Panel Pilot Program and funding (\$0.1M) and resolution authority for two positions to provide human resources support for the Community Investment for Families and Youth Development Departments. The Proposed Budget also includes nine-months funding (\$0.4M) and resolution authority for one position to support anti-bias and inclusion training. Funding and staffing is also continued for other departmental programs including staff assigned to the Anytime Anywhere Testing; Payroll System Project; Civil Service examination development and administration; and Public Safety Recruitment.

Police Department: The Mayor's Proposed Budget provides \$1.8B in the Police Department's operating budget, a decrease of \$93M from the 2020-21 Adopted Budget, and an increase of \$57M from the revised budget adopted by the Council in July 2020. An additional \$5M is provided in the Unappropriated Balance to buy down banked overtime and \$15.5M in MICLA financing is included for the purchase of a replacement police helicopter and various non-patrol vehicles.

- Reduced Sworn Hiring: The Proposed Budget reduces funding in the Sworn Salaries Account by \$72.8M to reflect savings from starting 2021-22 with 9,501 filled sworn positions versus 10,103 positions funded in the base budget.
- Sworn Hiring Plan: The Proposed Budget includes \$31M in the Sworn Salaries Account to hire to a force of 9,750 officers. This funding consists of \$25.9M in Sworn Salaries and \$5.1M in various expenses.
- Accumulated Overtime: The Proposed Budget increases funding in the Accumulated Overtime Account by \$4.8M to fund cost-of-living increases applicable to qualified retirees, higher payouts to officers having larger banked overtime costs and additional officers retiring.
- Sworn Overtime Reduction: The Proposed Budget includes a \$20.2M reduction in the Overtime Sworn Account to reflect savings from reduced usage of non-reimbursable sworn overtime.
- A Bridge Home Security: The Proposed Budget continues \$8M in the Overtime Sworn Account for security patrols within the vicinity of A Bridge Home shelter sites.
- Technical Investigation Division Resource: \$0.1M and regular authority is provided for one Systems Programmer I in the Technical investigation Division to maintain and support various systems in the Department's technical library.
- Latent Print Unit Resources: \$0.6M and regular authority for 10 Laboratory Technician Is in the Latent Print Unit is provided to enhance evidence analysis and investigative capabilities.

Overview of the Mayor's Proposed Budget 2021-22

- Custody Transportation and Release Contract: The Proposed Budget adds \$0.5M in one-time funding to the Contractual Services Account to fund increased costs for the Los Angeles County Sheriff's Department to transport arrestees to court.
- Los Angeles County Metropolitan Transportation Authority (MTA): The Proposed Budget continues six-months front-funding (\$36.5M) and resolution authority for 129 positions and adds six-months funding and resolution authority for one Senior Management Analyst I, in alignment with staffing levels approved by the MTA for the fifth year of a five-year contract to provide policing for critical MTA infrastructure, bus and rail lines within the City. The Unappropriated Balance sets aside an additional six months funding for this purpose, to be allocated to the Department pending action by the Metro Board to reimagine Metro security services and increase funding for reimbursements to the City. The costs associated with these services are offset by revenue received from MTA.
- Cannabis Industry Collections Security: The Proposed Budget adds \$0.5M in the Overtime Sworn Account for security services to protect Cannabis industry cash collections by the Office of Finance. Funding is provided by the Cannabis Regulation Special Fund.
- Diversity Recruitment: \$0.3M is added for focused recruitment of African American, Asian/Pacific Islander and female police officer candidates.
- Vehicle Replacements: \$1.4M is continued in the contractual services for the leasing of 203 electric vehicles (EVs) for non-emergency passenger service, charging station repair and software license costs. The Proposed Budget also includes \$2.6M in the Transportation Equipment Account for the purchase of a minimum of 23 Black and White patrol vehicles and up to ten motorcycles. Additional funding in LAPD's base budget (\$5M) will allow for the purchase of a minimum of 77 Black and White patrol vehicles. \$0.2M in the Forfeited Assets Trust Fund will be used for the purchase of one motorcycle and three Black and White slicktop vehicles. An additional \$3.6M is provided in the Capital Finance Administration Fund, Police Vehicles Financing, for the fifth annual payment on 462 Department vehicles purchased in 2017-18 through lease financing.
- Boot Sanitizers and Disinfection Services: The Proposed Budget includes \$0.1M in one-time funding for disinfection of leased facilities, per established CDC guidelines, and for maintaining boot sanitizers that prevent the spread of COVID-19 and other pathogens in Police facilities.
- Body-Worn Video Camera Program Expense: \$1M is provided for continued funding of Body-Worn Video Camera hardware, software, cellular connectivity/data and related technology to meet contractual obligations. This will replace funding provided on a one-time basis in 2020-21 by the Supplemental Law Enforcement Services Fund (SLESF) with ongoing funding from the General Fund due to reduced SLESF revenue.
- Communication System Maintenance: The Proposed Budget adds \$2.7M to the Contractual Services Account to maintain hardware and software supporting the Land Mobile Radio Voice Radio System 911 call recording system and 911 telephony infrastructure to comply with Federal Communications Commission rules for integrating text to 911 functions and State rules for integrating enhanced mapping for 911 location accuracy.

Overview of the Mayor's Proposed Budget 2021-22

- Community Safety Partnership Resources: Regular authority for five positions is added, consisting of one Police Deputy Chief I, two Police Captain IIIs, one Police Administrator II and one Executive Administrative Assistant II to staff the Department's Community Safety Partnership Bureau, which were approved during 2020-21 (C.F. 20-1973). Funding for these positions is included in the Department's base budget. Funding (\$0.2M) is provided in the Overtime Sworn and Operating Supplies Accounts for project expenses at the Harvard Park and South Park Community Safety Partnership sites.
- Police Share of Unrestricted Revenue: Based on the Police Department's budget allocation, the Department's share of unrestricted revenue will decrease from 52.9 percent in 2020-21 (\$2.9B of \$5.5B) to 45.9 percent (\$2.8B of \$6.2B) in 2021-22. While the percentage does not appear significant, each one percent equates to approximately \$62M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose.

Public Works Board: The Proposed Budget continues funding and staffing for various programs and services in the Board of Public Works, including accounting support for the Sidewalk Repair Program; SB 1 - RMRA accounting support; accounting support for MICLA projects; and financial management and administrative support for the Public Works Trust Fund.

In addition, the Proposed Budget continues funding (\$0.2M) and resolution authority for two positions to support the Office of Climate Emergencies and the Climate Emergency Commission. The Proposed Budget also increases funding (\$0.3M) for additional staffing and Climate Emergency community engagement including nine-months funding and resolution authority for a Management Analyst position to serve as the Climate Emergency Commission Coordinator and an Administrative Clerk to provide office and agenda support to the Commission. These positions were approved in 2020-21 (C.F. 20-0600).

The Proposed Budget provides the Office of Community Beautification with a Program Budget of \$25.9M, which is an \$11.9M increase from the 2020-21 Program Budget. This includes \$8.8M and resolution authority for one position for the establishment of the CleanLA program, which will reduce litter and illegal dumping in impacted neighborhoods, and provide employment opportunities to 200 young adults. The Proposed Budget also adds \$1.7M in one-time funding for graffiti abatement strike teams in high graffiti areas and \$1M for the establishment of a pre-apprenticeship employment opportunities program for graffiti abatement workers.

The Proposed Budget also increases funding and adds resolution authority as follows:

- Funding (\$0.2M) for the development of a Workforce Equity Demonstration Project;
- Resolution authority and nine-months funding (\$0.05M) for one Accountant to provide accounting and financial support to the Measure W program; and

Overview of the Mayor's Proposed Budget 2021-22

- Resolution authority and nine-months funding (\$0.1M) for two positions to provide accounting and financial support to Proposition HHH, A Bridge Home Initiative and other homelessness-related projects.

Public Works – Engineering: In addition to continuing departmental programs and services, the Proposed Budget increases funding and adds position authority, as follows:

- One-time funding (\$0.7M) for the implementation of a cloud-based data storage system and to migrate data from obsolete storage systems.
- Resolution authority and nine-months funding (\$0.3M) for four positions to provide design, construction, management and project management support for the Clean Water Capital Improvement Program.
- Unfunded resolution authority for three positions to perform development and design services for State Route 710 Mobility Improvement Projects, which will be reimbursed by the Los Angeles County Metropolitan Transportation Authority.

Public Works Sanitation: The Proposed Budget includes funding and staff for the following programs and services in the Bureau of Sanitation:

- Citywide Exclusive Franchise System Support: Funding (\$4.2M) and resolution authority for 47 positions is continued for the administration of the Exclusive Franchise System for Commercial and Multi-Family Solid Waste Collection (RecycLA). One-time funding (\$0.6M) is continued in the Contractual Services Account for waste characterization studies to ensure that franchise haulers are meeting waste diversion goals.
- Comprehensive Cleaning and Rapid Engagement (CARE) Program: The CARE+ Teams were previously known as Clean Street Los Angeles Teams and the CARE Teams were previously known as Homeless Outreach Proactive Engagement (HOPE) Teams.

The Proposed Budget provides \$13.1M to continue funding and resolution authority for 69 positions to staff seven CARE+ Teams. Of this \$13.1M in funding, \$6M is provided in continued one-time funding to various accounts for contractual services, field equipment expenses, uniform expenses, office and administrative support and operating supplies to staff the seven CARE+ teams.

As part of a CARE+ Expansion, the Proposed Budget adds nine-month funding (\$3.3M) and resolution authority for 20 positions for two additional CARE+ teams. Of this added funding, \$2.1M is provided in one-time funding to various accounts for contractual services, field equipment expenses, uniform expenses, and operating supplies.

The Proposed Budget provides \$10.2M to continue funding and resolution authority for 78 positions to staff four CARE teams and 10 Illegal Dumping Teams. Of this \$10.2M in funding, \$4.1M is provided in continued one-time funding to

Overview of the Mayor's Proposed Budget 2021-22

various accounts for contractual services, field equipment expenses, uniform expenses, office and administrative support and operating supplies.

One-time funding (\$3.4M) is added to the Bureau of Sanitation's Contractual Services Account for hazardous waste removal services as part of the comprehensive cleaning performed by CARE teams.

Resolution authority and nine-months funding (\$0.2M) are also added for one Senior Management Analyst I and one Management Analyst to provide program support for the CARE/CARE+ teams.

Funding (\$8.5M) is added in the Unappropriated Balance to deploy two CARE+ teams for nine-months, two CARE+ teams for six-months, three CARE+ teams for three-months, and four Program Management positions for nine-months.

- Automated Litter Bins: The Proposed Budget adds \$0.6M in one-time funding for the deployment of 1,000 new automated litter bins in high litter areas within the public right-of-way.
- Regional Storage Facilities: Resolution authority and nine-months funding (\$3M) is added for 29 positions for the establishment of three regional storage facilities at three hubs (Lopez Canyon, CLARTS and Jefferson Yard).
- Safe, Clean Water Program: Resolution authority and funding (\$1.6M) for 14 positions are added to oversee work on Enhanced Watershed Management Plans, green infrastructure, environmental studies, grant work and County-required reports under the Measure W – Safe, Clean Water Program.

Public Works Street Lighting: The Proposed Budget continues funding and staffing for various programs and services including: Smart City street lighting technology initiatives; the Small Cell Co-Location Program; the High Voltage Conversion Program; and the Copper Wire Theft Replacement Program.

The Proposed Budget also adds \$1M in one-time funding for the development of an updated Asset Management System for more effective management of the street lighting system, incident tracking and deployment of field operations for construction and maintenance.

Public Works Street Services: The Proposed Budget continues funding and staffing for various programs and services including: tree planting, trimming and watering; the City's Sidewalk and Park Vending Program; Failed Street Reconstruction; Complete Streets; Vision Zero; the Sidewalk Repair Program; and risk and liability mitigation of the City's sidewalk system.

The 2021-22 Proposed Budget:

- Adds \$2.2M in one-time funding to plant 1,900 trees in low-income neighborhoods with low tree canopy coverage.

Overview of the Mayor's Proposed Budget 2021-22

- Adds nine-month funding (\$0.2M) and resolution authority for two positions to manage the tree removal application process under the revised Protected Tree Ordinance.
- Reduces funding (\$-7M) as a one-time reduction for Pavement Preservation to reflect savings generated by positions filled in-lieu, maintaining vacancies, anticipated attrition, departmental efficiencies and expenditure reductions.
- Reduces funding (\$-4.9M) from Special Funds as a one-time reduction for two paving crews and one concrete crew that will perform street paving, water blowout and sidewalk repair work for DWP, which will provide funding for these crews through interim reimbursements.
- Continues two unfunded positions to perform landscape development and community outreach services for State Route 710 Mobility Improvement Projects, which will be reimbursed by the Los Angeles County Metropolitan Transportation Authority.
- Restores \$24.3M in funding for the Bureau of Street Services' Overtime General, Printing and Binding, Construction Expense, Contractual Services, Field Equipment Expense, Uniforms, Office and Administrative and Operating Supplies accounts that were reduced on a one-time basis in the 2020-21 Adopted Budget.

Recreation and Parks: The Charter-mandated appropriation to the Department of Recreation and Parks is increased by \$14.1M for a total allocation of \$236.2M for 2021-22. The Department will reimburse the General Fund a total of \$64.7M, for pensions, health and Medicare benefits. The Proposed Budget provides additional funding for several programs, including full year funding (\$0.1M) for aquatics, land and recreational programming for facilities that were partially financed in 2020-21.

Transportation: The Department of Transportation's total budget is increased by \$21.1M from 2020-21 levels. The Proposed Budget provides funding and staff to continue various Departmental programs and services. In addition, the Proposed Budget adds funding and position authority, as follows:

- One-time funding (\$0.2M) for the annual maintenance and support of the Taxicab Ambulance Vehicle for Hire Information System (TAVIS).
- One-time funding (\$1.4M) to support dockless mobility enforcement efforts.
- One-time funding (\$1.6M) in the Contractual Services Account for the development of a curb asset management system.
- One-time funding (\$1.9M) for contractual services to expand the LA AI Fresco Program by creating grant opportunities for restaurants in low-income neighborhoods.

Youth Development: The Proposed Budget provides \$1.1M for the new Youth Development Department, with funding (\$0.8M) for one regular Executive Director position and six resolution authorities, as well as contractual services for a community engagement consultant (\$0.3M).

Overview of the Mayor's Proposed Budget 2021-22

The Youth Development Department will serve as the central information center for the public to access youth services in the City. The Department will be responsible for developing a Citywide three-year Youth Development Strategic Plan to ensure a roadmap for long-term youth program planning and violence prevention in the City in coordination with City Departments, regional agencies and other providers of youth services. The Department will also audit youth programs to ensure efficient use of City resources and the greatest return on investments.

Proposed Changes to Major Programs/Initiatives

Vision Zero Initiative: The concept of the Vision Zero Initiative is to achieve the goal of zero traffic fatalities in the City by 2025, prioritizing safety over faster traffic flows when planning and reconstructing roads. The Proposed Budget appropriates \$65.6M across multiple City departments for activities that support the Vision Zero Initiative, which includes funding (\$30M) from MICLA for Transportation Traffic Safety Signal Projects and funding (\$9.4M) for the remaining three Complete Streets projects approved by the Council in 2017-18 that combine street reconstruction, Vision Zero elements, green street elements and sidewalk improvements. It should be noted that additional pedestrian safety funding is included in other programs.

Pavement Preservation Program: The Pavement Preservation Program includes activities required to properly maintain the City street system and keep the system from deteriorating. The Program is led by the Bureau of Street Services with support provided by the Department of Transportation, the Bureau of Engineering and General Services. The 2021-22 Proposed Budget provides \$142.9M for the Pavement Preservation Program from the Special Gas Tax (\$42.5M), Proposition A (\$0.4M), Proposition C (\$7.1M), Street Damage Restoration Fee (\$38M), Stormwater Pollution Abatement Fund (\$0.3M), Measure R (\$22.2M), Measure M (\$4.9M) and the General Fund (\$27.5M) for the following reconstruction categories: resurfacing, slurry sealing, large asphalt repairs and small asphalt repairs (potholes).

To maintain the network average road condition at its present level, approximately 800 lane miles must be resurfaced each year. The Mayor's Proposed Budget provides funding to resurface 660 lane miles. Funding for slurry seal activities will result in a reduction of lane miles completed from 1,300 in 2020-21 to 1,075 in 2021-22.

Failed Street Reconstruction Program: The 2020-21 Adopted Budget provided \$22.3M across several departments for a program to repair the most severely damaged streets with the lowest rating. The Failed Street Reconstruction Program is led by the Bureau of Street Services with support from the Department of Transportation, the Bureau of Engineering and General Services. The 2021-22 Proposed Budget provides \$26.5M for the Failed Street Reconstruction Program with funding from the Street Damage Restoration Fund (\$11.9M), Measure M (\$5.2M), Gas Tax (\$0.1M) and SB 1 – RMRA (\$9.3M).

Overview of the Mayor's Proposed Budget 2021-22

Complete Streets: As part of the 2018-19 Adopted Budget, \$45.8M was allocated to begin design and implementation of roadway projects that included both reconstruction and Vision Zero elements (Complete Streets). On March 28, 2018, the Council established a work plan and funding for six complete streets projects (C.F. 17-0950). Three of the projects have been completed. In 2020-21, construction work (Main Street and Reseda Boulevard) and the design phase (Avalon Boulevard) continued. The Proposed Budget includes \$9.4M to continue work on the project elements approved by Council with an additional \$14.8M funding needed in future budgets to be completed. Preliminary funding was provided in 2018-19 to begin the design phase of the next twelve projects with additional funding for construction to be provided in future years.

Bicycle Lane Repair and Maintenance: The Proposed Budget includes a specific allocation of SB1 - RMRA funding (\$4.1M) for Citywide bike lane repair and maintenance to ensure public safety. Repairs can be either in the bicycle lane only or the entire street segment and include concrete, asphalt, slurry, resurfacing, reconstruction, pavement markings or signage.

Sidewalk Repair Program: On April 1, 2015, the City Council and the Mayor approved a Settlement Agreement in the class action lawsuit *Mark Willits, et al. v. the City of Los Angeles*. Court approval of this Settlement Agreement was finalized in spring 2017. This will be the fifth year of the compliance period established by the Settlement. The terms of the Settlement Agreement include an annual commitment by the City of \$31M (adjusted every five years to maintain present value) for 30 years to projects that improve sidewalk ADA access and remove barriers.

The 2021-22 Proposed Budget appropriates \$44.5M to the Sidewalk Repair Program, which includes \$22.9M from the General Fund; \$4.3M in Measure R Local Return Funds for the construction of access ramps; \$15M in SB 1 - RMRA funding for access request acceleration; \$1.8M from the Sidewalk Repair Fund; and, \$0.4M from Proprietary Departments to fund repairs to sidewalks and pedestrian facilities adjacent to their properties. In compliance with the terms of the Settlement Agreement, the Proposed Budget includes at least \$6.2M for the Access Request Program and \$5M for curb ramp installation.

The Proposed Budget continues \$1M in funding for the Sidewalk Repair Incentive Program, which provides eligible private property owners with rebates for sidewalk repair work. The Proposed Budget also provides \$15M in funding to accelerate the response to requests for sidewalk repair through the Access Request Program.

Equity and Justice Programs: The Mayor's Proposed Budget funds a significant number of new initiatives while continuing to support current programs to improve equity and justice throughout the City. Aside from programs that are embedded into each department's base budget, there are many continued and new equity programs, as follows:

Overview of the Mayor's Proposed Budget 2021-22

- Cannabis Regulation: Continuation of positions to support the Social Equity and Business Development programs (\$0.6M).
- Civil, Human Rights and Equity: Continuation of Commission Oversight and Discrimination Enforcement (\$0.7M) with added funding for Public Outreach, Equity and Empowerment (\$1.6M), Office of Racial Equity (\$0.4M) and equity-focused applications and policy consultants (\$0.2M).
- Cultural Affairs: New funding for a Victims of 1871 Anti-Chinese Massacre Memorial (\$0.3M), a Victims of Gun Violence Memorial (\$0.3M) and the We Create LA program with one-time funding (\$1M) to provide low-income youth with creative skills and programming to create art and cultural experiences throughout the City.
- Economic and Workforce Development Department: Expansion of LA RISE (\$3.9M) and Day Laborer programs (\$1.4M) and continuation of the YouthSource Centers, Hire LA and Cash for College (\$1.8M).
- Personnel: In the Office of Workplace Equity, continued funding for a Chief Equity Officer (\$0.2M) and investigator training for discrimination prevention (\$0.05M), increased funding for the Citywide Inclusion Plan (\$0.4M) and new funding for an Equity Review Panel Pilot Program (\$0.6M).
- Police: New funding for diversity recruitment focused on African American, Asian/Pacific Islander and female police officer candidates (\$0.3M).
- Board of Public Works: New funding for the Workforce Equity Demonstration Project (\$0.3M).
- Transportation: Increased one-time funding for the LA Al Fresco Program (\$1.9M), which provides grants for restaurants in low-income neighborhoods for permanent parklets for outdoor dining.
- Library: New funding for a Racial Equity Action Plan (\$0.03M) to develop and implement racial equity plans that promote diversity and equity, additional funding for Social Service Outreach (\$0.9M) for outreach to the public and presentations on the availability of various social programs and community resources, and additional funding for Library Experience Office Staff Enhancement (\$0.7M) to engage with patrons in need of housing, mental health, primary care, and substance abuse services.

Under the Capital and Technology Improvement Expenditure Program (CTIEP), funding has been allocated for multiple projects to promote social equity objectives for disadvantaged communities, including: Engine Company 23 Junior Arts Center in Skid Row; Manchester Urban Homes Green Alley; Vision Theatre Equipment; Yards and Shops Assessment; Old Arlington (Washington Irving) Library; Slauson Connect Incubator and Cultural Center; Sylmar Senior Center; and 77th Street Regional Jail Sprinkler Replacement.

In the General City Purposes Fund, the established Gang Reduction and Youth Development (GRYD) program has been allocated an additional \$7M for a total of \$35.6M, and Congregate Meals for Seniors was allocated an additional \$3M for a total of \$3.8M. Funding in the amount of \$4M has been restored and increased from previous years for the Summer Night Lights program. Current programs such as the Justice Fund (\$1M), Equity and Community Well-Being (\$0.3M), embRACE LA (\$0.4M), Clinica

Overview of the Mayor's Proposed Budget 2021-22

Romero (\$0.1M) and Midnight Stroll Transgender Café (\$0.1M) have been allocated level funding from 2020-21.

The Mayor's Proposed Budget also includes new equity-focused programs, as follows (see General City Purposes section for further details on each program):

- LA REPAIR (Reforms for Equity and Public Acknowledgment of Institutional Racism)
- LA REPAIR – Peace and Healing Centers
- BIG:LEAP (Basic Income Guaranteed: L.A. Economic Assistance Pilot)
- Angeleno Corps
- LA Optimized
- Student to Success Pilot
- Angeleno Connect
- Racial Equity Baseline Study
- Reparations Commission
- TransLatin@ Coalition
- Food Rescue in Food Insecure Communities
- Zero Waste Transition Microgrants for Small Restaurants
- Digital Inclusion
- Homeless Prevention and Eviction Defense

Proposed Changes to Major Funds

Sewer Construction and Maintenance Fund: The Sewer Construction and Maintenance (SCM) Fund provides funding for the Clean Water Program. The SCM Fund is operated and maintained by the Bureau of Sanitation, with funds provided through the Sewer Service Charge (SSC). A 6.6 percent rate adjustment went into effect on July 1, 2020.

The Proposed Budget includes \$340.7M in SCM Funds that are allocated to various departments, offices and bureaus to cover the cost of Clean Water Program-related activities.

The Proposed Budget also recognizes \$7.6M in revenue from recycled water sales to DWP from the doubling of water production at the Terminal Island Treatment Plant Advanced Water Purification Facility, which was completed in January 2017.

The Proposed Budget also includes the first two of four annual payments from the General Fund to the SCM Fund in 2021-22 (totaling \$26M) for the over-payment of costs to the Bureaus of Sanitation, Contract Administration and Engineering since 2015. Reimbursements will end in 2023-24 when the SCM Fund is fully reimbursed.

The Proposed Budget for the SCM Fund includes the CTIEP (\$301.6M) and the related capital labor and expense costs (\$117M). The Proposed Budget also includes the costs

Overview of the Mayor's Proposed Budget 2021-22

of operating and maintaining the Clean Water System (\$404.8M), the payment of debt service on Wastewater System Revenue Bonds (\$243.7M), a 45-day operation reserve (\$63.3M) and various other expenses (\$5.3M).

Solid Waste Resources Revenue Fund: The Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (Solid Waste Fee) is imposed on all single-family dwellings in the City and upon certain multiple-unit dwellings for which the City provides refuse collection services. All receipts from the Solid Waste Fee are deposited into the Solid Waste Resources Revenue Fund (SWRRF) and are used for all costs associated with the collection, disposal and recycling of solid waste. The Solid Waste Fee has not been adjusted since 2009 and fees are no longer at cost recovery and require a General Fund Subsidy. The Bureau of Sanitation is working on a rate study to determine the fee level necessary to cover the cost of these services. The 2021-22 Proposed Budget for the SWRRF totals \$319.5M.

The Proposed Budget includes:

- Solid Waste Lifeline Program: The Proposed Budget provides \$6.1M in the General City Purposes (GCP) to reimburse SWRRF for costs attributed to the Lifeline Rate Program.
- Solid Waste Fee Reimbursement: The Proposed Budget provides \$2.6M in the GCP to reimburse SWRRF for costs associated with refuse collection and disposal services for other City departments and special events.
- Solid Waste Tip Fees & Material Recovery Facilities (MRF) Fees: The solid waste tip fees (or landfill disposal fees) and MRF fees for residential collection increased by \$20M to \$91M in 2020-21, and are expected to continue at the same level in 2021-22. As a result of China's "National Sword Policy," which restricts waste and metal imports from abroad, the MRF's costs to process and market the City's recyclables have significantly increased. Tip fees for the Multi-Family Bulky Item Program and other special funds will be paid by SWRRF and reimbursed by those special funds.
- Container Replacement Program: Funding (\$14M) is continued to annually replace approximately 215,000 worn, damaged and lost residential containers. The funding also supports technology improvements for the container asset management system.
- Departmental Appropriations: \$160.1M is provided to various City departments, offices and bureaus for the cost of solid waste related activities.

Stormwater Pollution Abatement Fund: The 2021-22 Proposed Budget includes \$34.5M in the Stormwater Pollution Abatement (SPA) Fund.

The SPA charge is a fee imposed on all properties in the City based on stormwater runoff and pollutant loading associated with property size and land use. The charge is collected by the Los Angeles County Assessor on the annual property tax bill and annual receipts are approximately \$28.4M. SPA funds are used to treat and abate stormwater, per guidelines provided by the U.S. Environmental Protection Agency.

Overview of the Mayor's Proposed Budget 2021-22

The State's Regional Water Quality Control Board, Los Angeles Region (Regional Board) regulates the treatment and abatement of stormwater through a National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Permit. The City's NPDES MS4 permit authorizes the City to discharge stormwater into U.S. waters and the City is currently negotiating a new MS4 Permit, which is expected to be effective by December 2021.

The SPA charge has not been adjusted since 1993. The existing SPA charge of \$1.92 per month for a typical single-family home is insufficient to cover the costs of meeting NPDES MS4 Permit requirements. The 2021-22 Proposed Budget states that, going forward, SPA funds will be used to support the City's flood control program, enforcement of illicit discharge activities and stormwater education.

The Proposed Budget for the SPA Fund includes \$4M in funding for San Fernando Valley Stormwater Capture Projects in collaboration with Los Angeles Department of Water and Power, \$23.4M for various City departments, offices and bureaus for the cost of stormwater related activities, as well as \$0.3M for continued costs associated with the renewing of the City's NPDES MS4 Permit.

Measure W Local Return Fund: The 2021-22 Proposed Budget includes \$32.7M in the Los Angeles Region Safe, Clean Water Program (Measure W) Local Return Fund.

On November 6, 2018, Los Angeles County voters approved Measure W, a parcel tax of 2.5 cents per square foot of impermeable surface, to support the costs of stormwater related projects and activities. Measure W can be used to fund Enhanced Watershed Management Plan (EWMP) projects and the operation and maintenance of completed water quality improvement projects.

Measure W revenues are allocated to three sub-programs: municipal, regional and administrative. Forty percent of revenues are allocated to municipalities in the same proportion as the amount of revenues collected within each municipality. The City is expected to receive \$32M for 2021-22 in August 2021. Funding for five positions in the Bureau of Engineering have been reassigned from the SCM Fund to Measure W in the Proposed Budget, as these funds develop and implement EWMP projects. Funding for two new positions is also included for a Program Manager and accounting support.

The Proposed Budget for the Measure W Local Return Fund includes:

- CTIEP Physical Plant: \$13.5M in funding is provided for water quality projects.
- Departmental Appropriations: \$5.6M is provided to various City departments, offices and bureaus for the cost of stormwater related activities.
- Feasibility Studies: \$1M is provided for feasibility studies of water quality projects to be submitted for funding consideration as part of the Measure W Regional Call for Projects.

Overview of the Mayor's Proposed Budget 2021-22

- Regional Project Development & Revolving Funds: \$3.1M for the initial development of regional water quality projects is included to be used as a revolving fund for potential match or front-funding requirements for regional funding.

Street Damage Restoration Fund: The Street Damage Restoration Fund was created by Council action to receive revenues from the Street Damage Restoration Fee (SDRF). The SDRF was established in 1998 to reimburse the City for damage to City streets caused by excavations or other work in the public right-of-way by entities required to obtain a permit to excavate in a public street.

In 2018, the Bureau of Street Services (BSS) completed a fee study and proposed an update to the SDRF. Council adopted changes to the SDRF, including an increase per square foot fee for both Local and Select Streets, which went into effect on December 6, 2018. SDRF funds may be used for the Bureau of Street Services street reconstruction program and related work, as well as innovative roadway bed treatments, such as Cool Pavement.

The 2021-22 Proposed Budget projects \$52M in revenue generated by the SDRF, which is a 1.7 percent decrease from the estimated revenue in 2020-21 of \$52.9M.

The Proposed Budget allocates the SDRF as follows:

- General Services - \$7.5M
- Information Technology Agency - \$0.02M
- Personnel - \$0.2M
- Bureau of Engineering - \$0.6M
- Bureau of Street Services - \$40.9M
- Transportation - \$0.4M
- Reimbursement of General Fund Costs - \$6.5M

Proposition A: The 2021-22 Proposed Budget provides a total appropriation of \$296.2M from Proposition A, which includes the following:

- Continuation of existing transit services (\$145M);
- \$66M for future service needs that may be used to offset potential shortfalls as expenditures increase;
- \$10M for bikeshare operations and maintenance;
- \$7M for the bus facility purchase program;
- \$5.4M for upgraded bus technologies from a 3G network to a 4G network on all DASH and Commuter Express Buses;
- \$2.8M for solar-powered signage at bus stops; and
- Matching funds (\$1.2M) for free transit fare for students through the State's Low Carbon Transit Operations (LCTOP) Program.

Measure M Local Return Fund: In November 2016, the voters in Los Angeles County approved an additional one-half cent sales tax within Los Angeles County, with an

Overview of the Mayor's Proposed Budget 2021-22

increase to one percent on July 1, 2039, with revenue to be used for certain transportation improvements.

The Proposed Budget anticipates \$74.5M in Measure M funding for the following projects:

- Alley Paving (\$2M)
- CTIEP – Physical Plant (\$1.5M)
- Complete Streets (\$2.4M)
- Concrete Streets (\$1M)
- Median Island Maintenance (\$1M)
- Open Streets Program (\$0.5M)
- Paint and Sign Maintenance (\$1.6M)
- Speed Hump Program (\$2M)
- Traffic Signal Supplies (\$3M)
- Vision Zero Corridor Projects (\$7.5M)
- Reimbursement of General Fund Costs (\$23M)
- Departmental appropriations of \$22M for various Measure M projects

The Proposed Budget includes a General Fund appropriation, through ARP funds, for People Streets and Play Streets (\$1M) and a new Universal Basic Mobility Program (\$4M).

Measure R Local Traffic Relief and Rail Expansion Fund: The Proposed Budget appropriates \$59.8M and continues funding for previous projects, including: Automated Traffic Surveillance Control (ATSAC) system maintenance (\$3M); the Bicycle Plan/Program (\$2M); Great Streets (\$0.5M); median island maintenance (\$1M); paint and sign maintenance (\$1.8M); overtime for the Pavement Preservation Program (\$0.7M); the Pedestrian Plan/Program (\$2M); Technology and Communications (\$0.03M); and Vision Zero contracts, speed surveys and outreach campaign (\$0.2M). The Proposed Budget also includes \$18.5M in General Fund reimbursements from Measure R funds, as well as \$30.1M in appropriations to City Departments for Measure R projects.

Existing Council policy directs that five percent of Measure R local return revenue be provided each to bicycle projects and pedestrian projects. The Proposed Budget provides four percent to each of these programs.

Local Transportation Fund: Funds from one-fourth of one percent of the sales tax are allocated annually on a per capita basis to cities and the County by the Los Angeles County Metropolitan Transportation Authority (LACMTA) to develop bicycle and pedestrian facilities. Local agencies may either draw down these funds or place them in reserve. Funds must be spent within the fiscal year in which they have been allocated. Failure to do so may result in the lapse of these allocations.

The Proposed Budget includes total revenues of \$3.5M, which reflects a 26.6 percent decrease from the 2020-21 Revenue Estimate. The Proposed Budget allocates the funding for ATP Cycle I Safe Routes to School Bike/Pedestrian Rehabilitation (\$2M),

Overview of the Mayor's Proposed Budget 2021-22

Bikeshare Capital Expansion (\$0.6M), the Bikeways Program (\$0.5M) and the San Fernando Road Bike Path Phase 3 Metrolink Local Match (\$0.5M).

Road Maintenance and Rehabilitation Program (RMRA) Special Fund: In April 2017, the Legislature enacted Senate Bill (SB) 1, also known as the Road Repair and Accountability Act, which increases per gallon fuel excise taxes, diesel fuel sales taxes and vehicle registration fees, and provides inflationary adjustments to fuel tax rates in future years. Funds are provided to cities and counties to address basic road maintenance, rehabilitation and critical safety needs on the state highway system and the local street and road system.

The Proposed Budget includes \$87M in RMRA funds. In addition to \$34.9M for CTIEP - Physical Plant projects for 2021-22, additional appropriations include: bicycle lane repair and maintenance (\$4.1M), complete streets (\$3.8M), concrete streets (\$1.8M), cool pavement/sustainable pavement projects (\$2M), failed street reconstruction (\$7.4M), sidewalk repair access request acceleration (\$15M), Vision Zero corridor projects (\$10.7M), Vision Zero traffic signals (\$6.8M) and Vision Zero traffic signals support (\$0.3M).

Special Parking Revenue Fund: The Proposed Budget provides a transfer to the Reserve Fund of \$8.5M, which is \$15M less than the annual base-level surplus of \$23.5M. The transfer in 2020-21 was originally budgeted at \$27.7M but due to the Pandemic's impact on parking revenues, the 2020-21 transfer was eliminated. Subsequent years assume the base transfer amount of \$23.5M. Funding in the amount of \$57M for 2021-22 Special Parking Revenue Fund programs is continued.

Special Gas Tax Improvement Fund: The Special Gas Tax Street Improvement Fund receives monies from the State's Excise Tax on the sale of gasoline and from federal reimbursements from the Surface Transportation Program - Local. These monies provide funding to various departments and to the Physical Plant for eligible activities and projects. Funding is apportioned to the City through various formulas in accordance with the Streets and Highways Code and through annual federal legislation relative to the Surface Transportation Program.

For 2021-22, the gas tax funds are provided across departments for a variety of projects and programs (\$70.9M), as well as special purpose fund appropriations, including reimbursement of General Fund costs (\$40.4M).

Proposed Changes to Non-Departmental Budgets/ Programs

Human Resources Benefits and Workers' Compensation Fund: The Human Resources Benefits and Workers' Compensation Fund (HRB) provides for direct payments, exclusive of personnel and administrative costs, for various human resources benefits provided to City employees. The Proposed Budget decreases the appropriation to the HRB programs by \$26.2M to \$774.4M, which is a 3.3 percent decrease from the 2020-21 Adopted Budget.

Overview of the Mayor's Proposed Budget 2021-22

The Proposed Budget includes various assumptions with regard to healthcare costs, number of employees hired and costs associated with Workers' Compensation. For 2021-22, a total of \$212.5M would be appropriated to Workers' Compensation. This represents a \$17.6M decrease (or 7.7 percent) from the 2020-21 Adopted Budget total of \$230.1M and a \$1.4M increase (or 0.6 percent) from the 2020-21 estimated expenditures anticipated at \$211.1M. In addition to Workers' Compensation, decreased costs included in the Proposed Budget for the HRB Fund result from anticipated reductions in enrollment in the Civilian FLEX Benefits (\$-12M) and the Police Health and Welfare Programs (\$-1.5M).

General City Purposes (GCP): The Proposed Budget increases GCP funding for program and services by \$303.2M to \$481.8M (169.9 percent), from 2020-21 Adopted Budget levels. It should be noted that a number of initiatives relative to issues of homelessness, equity, social and economic justice and programs for underserved and vulnerable communities are included in the 2021-22 GCP Proposed Budget. Many are new programs with limited information included in the Proposed Budget. Significant changes in the Proposed Budget are as follows:

- Congregate Meals for Seniors: \$3.8M in funding for senior meals. Funding is increased by \$3M, as a one-time increase from the previous year to provide an additional 332,450 meals in 2021-22.
- Council Community Projects: One-time funding of \$5.4M is added to fund specific community projects in various Council Districts. This represents a \$1.6M increase from 2020-21 funding.
- Neighborhood Service Enhancements: Allocation of \$30M as one-time funding for neighborhood investment projects, including public works improvements, jobs and community investment programs, city services and homeless services. No funding was provided in the 2020-21 Adopted Budget.
- Clean Streets – Related Costs: An additional \$6.7M for a total of \$8.5M is provided to address reimbursement shortfalls in 2018-19 and 2019-20. The Clean Street program addresses illegal dumping, alley way cleanups and homeless encampments.
- Justice Fund: An allocation of \$1M is provided for the Los Angeles Justice Fund for non-profit legal representation for undocumented low-income individuals and families. This is level funding from 2020-21 Adopted Budget.
- CIRCLE: 24/7 Homelessness Crisis Response Pilot: One-time funding of \$3M for a one-year pilot to provide 24 hours per day, seven days per week, community-based response to non-violent emergencies.
- LACERS/LAFPP Audits: The Charter requires an audit of the City's pension funds every five years. Funding (\$0.5M) is allocated for this purpose.
- LA REPAIR (Reforms for Equity and Public Acknowledgement of Institutional Racism) Innovation: Allocation of \$10M in one-time funding is provided for grants to support job creation and organizational support in community intervention, racial healing, justice and reconciliation work.

Overview of the Mayor's Proposed Budget 2021-22

- LA REPAIR – Peace and Healing Centers: One-time funding of \$2M is provided to partner with community organizations to establish safe spaces where youth and adults can dialogue about racial justice.
- Marketing for Tourism and Hospitality: The Proposed Budget allocates \$5M in one-time funding for a marketing campaign to assist with the recovery of tourism, hospitality and restaurant industries.
- Basic Income Guaranteed: LA Economic Assistance Pilot (BIG:LEAP): One-time funding of \$24M is provided for a Citywide Basic Income Guaranteed Pilot Program to provide \$1,000 per month for 2,000 poverty households affected by the COVID-19 Pandemic.
- Angeleno Corps: One-time funding of \$5M for a pilot cohort of 300 students to receive stipends to commit to one year of service in three areas: Health Equity Corps, Youth Development Corps and Dream Corps.
- LA Optimized: The Proposed Budget allocates \$2.5M in one-time funding for a one-on-one assistance program designed to help small minority and women-owned businesses adapt to a marketplace altered by the Pandemic.
- Restaurant and Small Business Recovery: One-time funding of \$25M is allocated to provide grants to restaurants (\$15M) and small businesses (\$10M) to assist in recovery from the Pandemic.
- Student to Student Success Pilot: One-time funding of \$3.5M for training and paying 1,000 low-income high school students to home-tutor younger siblings who have struggled with distance learning.
- Youth Employment Program: An increase of \$2.8M, for a total of \$5.6M, is provided for paid summer employment experience for youth between the ages of 14 and 21. The funding increase will allow double the number of participants.
- Homeless Shelter Program: A decrease of \$6.4M for a total of \$21.9M in funding is included for the Shelter Program, which provides 800 shelter beds at various locations in the City. Funding is decreased to account for 2020-21 savings and a shift of funding to the Unappropriated Balance for contingent expenditures related to Homeless Engagement Teams.
- Los Angeles Accessory Dwelling Unit (ADU) Accelerator: One-time funding of \$2.6M is set aside to pair housing insecure low-income older adults with homeowners willing to rent their ADUs for five years. In exchange, homeowners receive benefits such as tenant screening, timely and competitive rent and landlord support.
- Operation Healthy Streets: An increase of \$1.1M for a total of \$7.2M is allocated for the City's efforts to increase outreach and street cleaning and to provide additional services for those experiencing homelessness.
- Angeleno Connect Program: One-time funding of \$1M is included for vendor costs associated with making the "Angeleno Account," reloadable, fee-free debit cards and online banking accounts available to any residents.
- Business Attraction Plan for Olympics: \$0.5M in one-time funding is provided to attract international businesses, entrepreneurs, non-profits and students to the City to create jobs and grow global connectivity post-COVID-19.

Overview of the Mayor's Proposed Budget 2021-22

- COVID-19 Memorial: One-time funding of \$0.3M is allocated to establish a memorial for the people of Los Angeles to acknowledge the impact COVID-19 has had on their lives, those they have lost and the celebration of life.
- Gang Reduction and Youth Development (GRYD): \$32.6M is allocated to this program, a \$7M increase from the 2020-21 Adopted Budget allocation of \$25.6M. GRYD provides gang reduction, intervention and re-entry services to areas most impacted by crime and violence. Included in this increased allocation is a one-time increase (\$4M) for GRYD Surge Ambassadors, Community Intervention Workers and anticipated increases in services. Partial funding (\$25,000) is provided by the Forfeited Assets Trust Fund.
- LA's BEST: \$2.4M is allocated to LA's BEST, which provides after school programs to children, ages 5 to 12, from the City's most economically challenged neighborhoods. Funding is increased by \$1M from the current year to serve an additional 2,500 students.
- Racial Equity Baseline Study: One-time funding of \$0.4M is provided for the completion of data analysis necessary to determine whether there are disparate impacts along the lines of race in City hiring, promotion and contracting.
- Reparations Commission: One-time funding of \$0.5M is provided for the formation of an advisory Reparations Commission and to engage an academic partner to advise on the creation of a pilot slavery reparations program for Black Angelenos.
- TransLatin@ Coalition: One-time funding of \$0.05M is provided to generate a needs assessment report to understand the accessibility needs to social supportive services among the Trans, Gender, non-conforming and Intersex population(s) in the City.
- Additional Homeless Services: An increase of \$70M for a total of \$80M is provided in the Proposed Budget to fund gaps in the City's effort to address the homeless crisis.
- Domestic Abuse Response Teams (DART): \$2.8M is provided for the DART Program, which provides domestic violence crisis response and intervention for victims of domestic violence and their families. Teams include police officers, victim advocates and volunteers. Funding is increased by \$1M on a one-time basis for an anticipated increase in services.
- Homeless Prevention and Eviction Defense: One-time funding of \$15M is provided for financial assistance, counseling and other support services to prevent families and individuals from being evicted or becoming homeless.
- COVID-19 Emergency Response: The Proposed Budget provides \$75M in one-time funding to provide City Departments additional resources to address and respond to the COVID-19 Pandemic.
- Alternative Dispatch: Suicide Prevention Pilot: One-time funding of \$0.5M is provided for a suicide safety pilot program with Didi Hirsch Mental Health Services.
- Harbor Jail Telehealth Portal: One-time funding of \$0.3M is provided for a pilot program to provide remote health care at the Harbor Jail.
- Expansion of Local Composting Sites: \$0.8M in one-time matching funds are provided to expand composting at farmers markets to 15 additional sites across the City, targeting communities high in multi-family housing.

Overview of the Mayor's Proposed Budget 2021-22

- Discovery Cube Los Angeles (DCLA): \$1.8M in funding is provided for DCLA, a non-profit organization that focuses its work around the core initiatives of environmental stewardship, early learning, healthy living and science, technology, engineering and math (STEM) education. Partial funding is provided by the Sewer Construction and Maintenance Fund (\$0.5M) and the Solid Waste Resources Revenue Fund (\$0.5M).
- Food Rescue in Food Insecure Communities: One-time funding of \$1M is provided to support food rescue organizations in low-income communities and to expand their food distribution efforts.
- Zero Waste Transition Microgrants for Small Restaurants: One-time funding of \$1M is provided to support small restaurants in low-income communities to begin their transition to zero waste practices, including food waste reduction and reduction in single-use plastics.
- Digital Inclusion: One-time funding of \$5M is provided to close the digital divide related to improving connectivity (through programs such as Get Connected LA), increasing accessibility to devices (through programs including OurCycleLA and Tech to Go), coordination with telecommunications and private sector companies and increasing digital literacy of residents and businesses.
- Summer Night Lights (SNL): Funding of \$4M is provided for the SNL program, which provides youth and families with a safe recreation space, employment opportunities, expanded programming and linkages to local service. No funding was provided in 2020-21.

Unappropriated Balance: The Unappropriated Balance (UB) includes funds identified for specific purposes, including contingencies for accounts that may experience shortages to start-up funding for projects or programs that would need funding during the fiscal year, but are not fully developed at the time the budget is adopted. The 2021-22 Proposed Budget includes \$188M in the UB, which is a \$98.2M increase relative to the 2020-21 Adopted Budget allocation of \$89.9M.

The 2021-22 Proposed Budget sets aside funding in the UB for various projects, including the following:

- Accessible Housing Program Retrofit Contracts (\$2M). Funding is set aside to pay for architectural and construction services related to retrofits to meet standards in the Corrected Settlement Agreement and the Voluntary Compliance Agreement.
- Animal Sterilization Trust Fund (\$1.1M) Funding is set aside as a contingency for the Animal Services Department to issue low- and no-cost spay and neuter vouchers and to provide funding for the Community Cat Program.
- Census 2020/Redistricting Commission (\$1.5M). Funding is set aside to pay for salaries, contractual services and administrative expenses of the Los Angeles City Council Redistricting Commission and LAUSD Redistricting Commission.
- Community Initiatives (\$14M). Funding is set aside for the following initiatives: Public Safety Alternatives (\$10M) for exploring various law enforcement alternatives; Sidewalk Vending (\$0.5M) for targeted vendor education and outreach to be done in neighborhoods that have historically been disinvested in

Overview of the Mayor's Proposed Budget 2021-22

- and that have a thriving vendor community; Climate Emergency Community Outreach (\$0.5M) for outreach and community engagement for climate emergency; and Basic Income Guaranteed (\$3M) for research, design and implementation of the Basic Income Guaranteed Program.
- Comprehensive Cleaning and Rapid Engagement (CARE and CARE+) Teams (\$8.5M). Funding is set aside for the salaries to deploy two CARE+ teams for nine-months, two CARE+ teams for six-months, three CARE+ teams for three-months and four Program Management positions for nine-months in the Bureau of Sanitation. The crews' duties include keeping the City sidewalks and other public areas safe, clean, sanitary, and accessible, removing abandoned waste from the public right-of-way and cleaning homeless encampments.
 - Fire Department Compensation Adjustments (\$8.3M). Funding is set aside as a contingency to address recently negotiated sworn Fire Department Memorandum of Understanding bonuses.
 - Ground Emergency Medical Transport QAF Program (\$6.7M). Funding is set aside for the quarterly payments and related contractual services cost for the Ground Emergency Medical Transport QAF Program.
 - Homeless Engagement Teams (\$4.2M). Nine-months of funding is set aside for Homeless Engagement Teams (HETs) to conduct direct outreach, in conjunction with Bureau of Sanitation's CARE and CARE+ teams, to unsheltered homeless individuals who typically do not seek shelter or service programs on their own initiative. This outreach facilitates better access to City and County homeless resources, including the Coordinated Entry System.
 - Homeless Engagement Teams (HET) (CARE and CARE+) (\$2M). Nine-months of funding is set aside for HETs to conduct direct outreach, in conjunction with CARE and CARE+ teams, to unsheltered homeless individuals who typically do not seek shelter or service programs on their own initiative. This outreach facilitates better access to City and County homeless resources, including the Coordinated Entry System.
 - Human Resources and Payroll System Contingency (\$1M). Funding is set aside as a contingency for unanticipated costs to ensure the successful completion of the Human Resources and Payroll (HRP) Project. Funding totaling \$14.2M for the HRP project is included in the Information Technology Agency budget.
 - June 2022 County Election Expenses (\$15M). Funding is set aside for the June 2022 Primary Nominating Election for three Citywide offices, eight odd-numbered City Council Districts, and three even-numbered board elections for the Los Angeles Unified School District (LAUSD), which will be consolidated with the Los Angeles County Registrar-Recorder/County Clerk's (County) Statewide Elections.
 - Los Angeles County Metropolitan Transportation Authority (\$36.5M). Funding is set aside for six months of front funding for the Police Department to provide policing of critical Los Angeles County Metropolitan Transportation Authority (Metro) infrastructure, bus and rail lines from January 1, 2022 through June 30, 2022, pending potential actions by the Metro Board to reimagine Metro security services and increase funding for reimbursements to the City.

Overview of the Mayor's Proposed Budget 2021-22

- Mental Health Services Support (\$2.2M). Funding is set aside for mental health services support and associated costs of various pilot programs, including the Therapeutic Transport Pilot.
- Mutual Aid Overtime (\$3M). Funding is set aside for sworn overtime for the Fire Department for mutual aid response for fire and disaster response needs outside of the City boundaries.
- Office of Petroleum and Natural Gas (\$0.5M). Funding is set aside to perform pipeline abandonment services for the Whittier Pipeline.
- Office of Public Accountability (\$0.8M). Funding is set aside for salaries, special studies and other administrative expenses.
- Outside Counsel including Workers' Compensation (\$1.5M). Funding is set aside for the City Attorney to retain outside counsel to assist in litigation and transactional matters. This funding is separate from the \$4.4M budgeted for law firms on the Attorney Conflicts Panel managed by the Office of the City Administrative Officer.
- Personnel Related Cybersecurity Measures (\$0.3M). Funding is set aside for the Personnel Department to work collaboratively with the Information Technology Agency to strengthen the City's cybersecurity.
- Police Department Sworn Overtime – Cash Payout (\$5M). Funding is set aside to meet Memorandum of Understanding requirements for the Police Department to pay up to 200 hours of banked overtime per officer for those who choose to participate in this program.
- Public Works Trust Fund Loan Repayment (\$1M). Funding is set aside for the repayment from the General Fund to the Public Works Trust Fund for a valuation study of the public right of way value for the Southern California Gas Company Franchise (\$0.4M) and for expenses incurred as part a new Regional Procurement Portal that will replace the City's Current Business Assistance Virtual Network procurement system (\$0.6M).
- Repayment to the U.S. Department of Housing (\$0.3M). Funding is set aside to repay the U.S. Department of Housing and Urban Development (HUD) for audit findings from previous Community Development Block Grant projects. The Council approved the use of General Fund dollars for the repayment on January 12, 2021 (C.F. 20-1303).
- Reserve for Extraordinary Liability (\$20M). Funding is set aside as a reserve for liability payouts resulting from judgments or settlements stemming from tort and/or tax cases. No Reserve for Extraordinary Liability was included in the 2020-21 Adopted Budget.
- Reserve for Mid-Year Adjustments (\$12.5M). Funding is set aside to address shortfalls that may arise during 2021-22. This represents a reduction of \$17.6M from the current fiscal year.
- Self-Contained Breathing Apparatus (\$21M). Funding is set aside for the replacement of the self-contained Breathing Apparatus System for the Fire Department. Of this amount, (\$3M) is contingent upon the receipt of a grant for this purpose.
- Tree Planting (\$2M). Funding is set aside for the Bureau of Street Services to plant an additional 1,900 trees in low canopy, low income neighborhoods.

Overview of the Mayor's Proposed Budget 2021-22

- Zoo and El Pueblo Revenue Shortfalls (\$10.7M). Funding is set aside for the Zoo and El Pueblo to address revenue shortfalls that may occur as a result of closures or attendance reductions due to the COVID-19 Pandemic.
- Zoo Wi-Fi (\$2M). Funding is set aside to establish and expand the Zoo's Wi-Fi and data network to support the Department's operations and provide a greater visitor experience.

Affordable Housing Trust Fund: Established in 2000, the City's Affordable Housing Trust Fund (AHTF) finances the acquisition, rehabilitation, and construction of affordable housing throughout the City. The AHTF has historically been funded with various sources, including the Consolidated Plan's allocation of HOME and CDBG funds, redevelopment funds, and other state and federal resources.

\$23.5M in HOME and CDBG funds were allocated to the AHTF in the 2020-21 Consolidated Plan (PY 46). The 2021-22 Consolidated Plan (PY 47), which is pending approval, includes a total of \$26.6 in HOME and CDBG funds for the AHTF.

Capital Finance Administration Fund: The Capital Finance Administration Fund includes \$254M for the debt service cost for outstanding debt issuances to date. This amount is \$14M (5.8 percent) more than 2020-21. The Proposed Budget reflects the completion of MICLA Lease Revenue Bonds, Series 2010-A (Capital Equipment), Series 2010-B (Capital Equipment) and MICLA Street Lighting private placement, Series 2013 in 2020-21. The Proposed Budget includes refunds for MICLA Lease Revenue Bonds, Series 2012-A (Capital Equipment), Series 2012-B (Real Property), Series 2012-C (Real Property) and MICLA Lease Obligations, Series 2014 (Capital Equipment) in August 2020, and is reflected as the MICLA Lease Revenue Bonds, Series 2020-B (Refunding) (Real Property) and Series 2020-C (Refunding – Taxable) (Real Property). The Proposed Budget indicates that the MICLA Street Lighting, Series 2020 private placement (direct loan) was completed in November 2020 to finance improvements to the City's street lighting system and will be repaid by the Street Lighting Maintenance Fund. The Proposed Budget also includes MICLA Lease Revenue Bonds, Series 2014-A (Real Property), Series 2019-A (Capital Equipment) and MICLA Lease Revenue Refunding Bonds, Series 2014-B and 2019-B (Real Property) that were refunded in March 2021, and is reflected in the MICLA Lease Revenue Refunding Bonds, Series 2021-A (Capital Equipment and Real Property) (Taxable) and Series 2021-B (Capital Equipment and Real Property).

Capital and Technology Improvement Expenditure Program: Existing policy recommends that the City annually budget 1.5 percent of General revenue to fund capital or infrastructure improvements. For 2021-22, the General Fund revenues are projected to be \$7.3B, resulting in a 1.5 percent target totaling \$110.1M. The 2021-22 Proposed Budget provides \$101.7M from the General Fund for various municipal facilities projects in the Capital and Technology Improvement Expenditure Program (CTIEP). An additional \$22.9M in General Fund appropriations is provided for sidewalk repairs and \$27.5M for the Pavement Preservation Program. The total General Fund amount allocated for capital and infrastructure improvements is \$152.1M or 2.1 percent.

Overview of the Mayor's Proposed Budget 2021-22

Clean Water CTIEP: \$301.6M in CTIEP funding is included for Clean Water projects. The CTIEP is funded entirely from Clean Water System revenues, including the Sewer Service Charge (SSC) that gives a portion of the revenues to CTIEP. Current major capital projects include: construction of various collection system projects (\$90.9M); construction of the Venice Dual Force Main to supplement the main sewer that conveys sewage from the Venice Pumping Plant to the Hyperion Water Reclamation Plant (\$19.2M); and development of an Advanced Wastewater Purification Facility at the Hyperion Water Reclamation Plant (\$25.6M).

Municipal Facilities CTIEP: The total, 2021-22 program cost for municipal facilities capital improvements is \$135.9M, consisting of \$28M in General Fund appropriations, \$3.1M in special fund appropriations and \$104.8M in Municipal Improvement Corporation of Los Angeles (MICLA) for various projects.

Ongoing municipal facilities capital projects include: critical infrastructure repairs and improvements to address maintenance, health and safety issues (i.e., roof repair, lead paint removal, fire/life safety system upgrades, etc.); the capital repair programs for the Figueroa Plaza Buildings, Public Works Building, Van Nuys Civic Center, El Pueblo, Zoo and Public Safety Facilities operated by the Fire, Police and Animal Services departments; and the establishment of new annual capital repair programs for Underground Fuel Storage Tank, along with funding for remediation of contaminated soil and other hazard mitigations for City-owned facilities.

In addition, the Proposed Budget provides funding for the following projects: infrastructure and capital improvements for Public Safety Facilities, including Fire Department Operations Valley Bureau (\$1.2M), Fire Station No. 31 in Sylmar (\$1.8M), Seventy-Seventh Street Regional Jail replacement of obsolete sprinkler system (\$0.5M), Police Property Warehouse operating equipment (\$1.3M) and Van Nuys Civic Center security improvements (\$0.4M); investments in yard and shop facilities, including initial funding to develop a new facility located at North Marianna (\$3M), capital repair funds to support Bureau of Street Service operations (\$0.8M) and restored funding for a regional needs assessment of yard and shop facilities (\$2M); investments in cultural and recreational facilities that leverage supplemental funding sources to expand opportunities available in the City, including the Hollywood Recreation Center Gymnasium (\$2M), Reseda Skate Facility (\$1M), Studio City Recreation Center Gymnasium (\$7M), Vision Theatre Equipment (\$1.3M) and Verdugo Hills Pool and Bathhouse (\$0.7M); funding for social equity objectives for disadvantaged communities, including Engine Company 23 Junior Arts Center in Skid Row (\$0.5M), Manchester Urban Homes Green Alley (\$2.3M), Old Arlington (Washington Irving) Library (\$0.9M), Slauson Connect Incubator and Cultural Center (\$0.8M) and the Sylmar Senior Center (\$1.5M); increased funding for the Space Optimization Program to implement modifications of City workspace (\$2.2M); funding for workplace safety facility improvements and modifications at City facilities (\$2M); and partial or full restoration of funding deferred for budget balancing for several projects, including City Hall East Electrical System Upgrades and P4 Improvements (\$1.3M), Solar Energy Installation at Municipal Facilities (\$3M), Sixth Street Parks, Arts, River and Connectivity (PARC) Improvements (\$1M) and Warner Grand Theatre (\$10M).

Overview of the Mayor's Proposed Budget 2021-22

The Park and Recreational Sites and Facilities Fund will provide \$3.1M to complete various capital improvement projects at Department of Recreation and Parks facilities that have already been approved and are under construction with priority given to fund shortfalls for Proposition K projects.

Physical Plant CTIEP: The Proposed Budget includes \$83.5M in CTIEP funding for Physical Plant Projects. The Physical Plant CTIEP includes stormwater, street and street lighting projects. The Proposed Budget includes three flood control projects and 11 water quality projects required by the Clean Water Act under the City Enhanced Watershed Management Program Funds, totaling \$23.7M from the General Fund (\$3M) Measure W Local Return Fund (\$13.6M) and the SB1 - RMRA Fund (\$7.1M). The street-related improvement projects total \$50.1M from the General Fund (\$29.6M); Special Gas Tax Improvement Fund (\$0.2M); SB1 Fund (\$19.9M); and Measure M Local Return Fund (\$0.4M). The street lighting projects, including lighting at pedestrian crosswalks as part of the Vision Zero pedestrian safety program, total \$9.8M from the General Fund (\$0.5M), Special Gas Tax Improvement Fund (\$0.3M), SB1 Fund (\$8M) and Measure M Local Return Fund (\$1.1M).

Technology CTIEP: On May 3, 2020, the City Council and Mayor adopted a revision to the City's Financial Policies, which added technology infrastructure as a component of the CTIEP, formerly known as the CIEP. The total 2021-22 program cost for technology projects is \$47M, consisting of \$40.6M in General Fund appropriations, \$2.8M in special fund appropriations and \$3.6M in Municipal Improvement Corporation of Los Angeles (MICLA) funding for various projects. The Technology CTIEP includes technology infrastructure and major technology systems projects. The Proposed Budget includes the following technology projects: Citywide digital inclusion initiatives (\$5M); replacement of all 36 nodes that comprise the City's fiber optic network (\$3.3M); the final year of implementation of the Human Resources and Payroll (HRP) System (\$15.2M); infrastructure upgrades of radio towers that support the Police and Fire radio communications, including 9-1-1 dispatch (\$4.3M); and upgrades to the Fire Department's radio system and replacement of all of the dispatch consoles at the primary and backup dispatch centers (\$3.1M).

MICLA Debt Issue: The Capital Finance Administration Fund provides \$254M for debt service cost for outstanding issuances to date. The Proposed Budget includes \$70M in MICLA Capital Equipment financing in 2021-22 for the purchase of GSD Vehicle and Equipment Replacement (\$10M), Fire Department Vehicle Replacement (\$20M), Police Helicopter Replacement (\$7.5M), Police Vehicle Replacement (\$8.1M), Transportation Signal Safety Project (\$20M) and other programs. The Proposed Budget also restores MICLA funding for Deferred Capital Equipment in 2021-22 for the purchase of BSL Fleet Replacement for the 2019-20 Adopted Budget (\$1.6M) and the 2018-19 Adopted Budget (\$2.5M), GSD Vehicle and Equipment Replacement for the 2020-21 Adopted Budget (\$10M), the 2019-20 Adopted Budget (\$10M) and the 2018-19 Adopted Budget (\$12M), and Transportation Signal Safety Project for the 2020-21 Adopted Budget (\$10M) and

Overview of the Mayor's Proposed Budget 2021-22

other programs. Front funding (\$2M) is also included for the Affordable Housing and Sustainable Communities Program Transportation Projects.

Additionally, debt financing is also proposed for capital improvements for several municipal facilities, including the Asphalt Plant I (Phase II) (\$1.2M); Building Equipment Lifecycle Replacement (\$2.5M); Capital Program – Public Works Building (\$1.1M); Citywide Electric Vehicle Charger Infrastructure (\$3M); Citywide HVAC Improvements (\$1.8M); Citywide Infrastructure Improvements (\$1M); Fire Station 31 (\$1.8M); Hollywood Recreation Center Phase II – Modern Gymnasium (\$2M); New Seventh Street Body Shop (Phase II) (\$2.4M); North Marianna Design (\$3M); Operations Valley Bureau Facility Package (\$1.2M); Sepulveda Recreation Center Improvements (\$4M); Studio City Recreation Center – New Gymnasium (\$7M); Sylmar Senior Center (\$1.5M); and other municipal facilities. Also included is Sixth Street Viaduct Replacement Project Supplemental Construction Funding (\$36.7M) and several projects at the Los Angeles Convention Center totaling \$6.4M. The Proposed Budget also restores MICLA funding for Deferred Municipal Facilities Projects in 2021-22 for Solar Energy Installation (\$3M) and Warner Grand Theatre (\$10M).

Tax and Revenue Anticipation Notes (TRANS): The 2021-22 Proposed Budget includes funding totaling \$1.3B to pay debt service on TRANS issued to fund the City's annual required contributions to LACERS (\$592.4M, including interest) and Pensions (\$727.6M, including interest). In addition, \$7.6M in funding is included to pay in interest on \$750M in temporary cash flow borrowing requested by the Controller to meet short-term cash flow needs occurring early in the fiscal year when certain revenues have not yet been received. The net savings to the City for early payment to the pension systems through the issuance of TRANS is approximately \$28.2M.

Fire and Police Pension Fund (LAFPP): The City's 2021-22 contribution to LAFPP is \$720.3M, a decrease of \$31.9M from the 2020-21 Adopted Budget contribution. The decrease in the LAFPP contribution is due to a decrease in covered payroll and a slight decrease in the contribution rate. The contribution rate, as a percentage of salary, is 45.89 percent compared to 46.60 percent in 2020-21. The reduction in contribution reflects a higher than expected rate of return, loss layers from the June 2004 valuation being fully amortized and lower subsidies and health premiums. The LAFPP Board considered the triennial experience study in May 2020 and approved the following: 1) reduce expected rate of return from 7.25 percent to seven percent; 2) reduce inflation rate from three percent to 2.75 percent; and 3) reduce payroll growth from 3.5 percent to 3.25 percent. These actions offset the overall decrease in the contribution rate.

The Proposed Budget anticipates paying the entire LAFPP contribution in July 2021 through the issuance of tax and revenue anticipation notes. As a result, the pension fund is expected to gain additional interest earnings on the payment, which would reduce the required City contribution by approximately 3.17 percent. As of June 30, 2020, the system's funded ratio, using actuarial value of assets, increased from 88.5 percent to 88.6 percent.

Overview of the Mayor's Proposed Budget 2021-22

Los Angeles City Employees' Retirement System (LACERS): The City's total 2021-22 contribution to LACERS is \$715.5M, a \$69.6M increase from the 2020-21 Adopted Budget contribution. This total includes \$128.9M in payments from Los Angeles World Airports (\$90.7M), Harbor (\$28.4M), LACERS (\$5.9M) and LAFPP (\$4.1M). The City's General Fund portion of the total amount to be paid to LACERS in 2021-22 is \$586.5M, a net \$36.2M General Fund increase over the 2020-21 required contribution. The City's increased contribution from 2020-21 is due to increases in the contribution rates, which are partially offset with a reduction in covered payroll and a one-time true-up credit of \$28.6M to the General Fund based on actual covered payroll for the prior year.

The Proposed Budget anticipates paying the entire General Fund portion of the contribution in July 2021 through the use of tax and revenue anticipation notes, which will generate a 3.2 percent discount to the City (\$19.7M). Expressed as a percentage of the City's budgeted payroll, the Tier 1 contribution rate has increased from 29.43 percent in 2020-21 to 32.81 percent in 2021-22; Tier 3 contribution as a percentage of salary has been increased from 27.45 percent to 30.16 percent. These rates include the enhanced benefit cost for Airport Peace Officers who remained in LACERS, which is borne exclusively by the Department of Airports. The final contribution obligation for all other agencies has been adjusted accordingly to apply the full cost to the Department of Airports. Further, these rates reflect recent demographic assumption changes adopted by the LACERS Board in June 2020 as a result of the triennial experience study. The LACERS Board approved the following: 1) reduce expected rate of return from 7.25 percent to seven percent; 2) reduce inflation rate from three percent to 2.75 percent; and 3) reduce payroll growth from 3.5 percent to 3.25 percent.

Liability Claims: \$87.4M is proposed for Liability Claims in 2021-22, a \$0.6M decrease from the 2020-21 Adopted Budget. Of this amount, \$80M is from the General Fund and approximately \$7.4M is from various Special Funds. The 2021-22 Proposed Budget restores the \$20M in the Unappropriated Balance, Reserve for Extraordinary Liability, which was not included in the 2020-21 Adopted Budget. The Proposed Budget also includes \$4.4M in funding for Attorney Conflicts Panel cases managed by the City Administrative Officer, which is an increase of \$0.4M from the 2020-21 Adopted Budget.

City Ethics Commission – Matching Campaign Funds Trust Fund: The Proposed Budget appropriates \$3.5M to the City Ethics Commission Public Matching Campaign Fund. The amount is a \$0.03M (1 percent) increase from 2020-21. The Proposed 2021-22 appropriation, combined with the projected cash balance from 2020-21, would provide a total fund balance of \$24.3M, as required by Charter Section 471(c)(1). The Charter requires an annual appropriation of \$2M (1991 dollars) per fiscal year adjusted by the Consumer Price Index (CPI) (Los Angeles - Riverside - Orange County metropolitan area), unless special circumstances are met.