

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

December 1, 2021

Matthew W. Szabo
CITY ADMINISTRATIVE OFFICER

ASSISTANT
CITY ADMINISTRATIVE OFFICERS

PATRICIA J. HUBER
BEN CEJA
YOLANDA CHAVEZ

Council President Martinez and Honorable Members of the City Council,

Since my appointment as City Administrative Officer (CAO) earlier this year, I have gained an even greater appreciation of the significant and vital role the CAO plays in the operation of our great City. When I stood before you during my confirmation hearing, I outlined my goals for this Office, including my plan to request additional resources for vital City initiatives. Attached is that request.

The attached report requests 12 interim resolution authority positions. The positions will address various Council priorities that my Office has been requested to undertake, most importantly related to incorporating a vision of equity in all of our City services, including our budgeting and capital planning (C.F. 21-0039). The City Council has stressed the need for the City to take a more proactive and holistic approach in how we serve our residents, manage our resources and invest in neighborhoods and our workplace to ensure equity for all. I look forward to leading efforts to institutionalize equity principles and metrics in our City processes. To do so effectively, and in advance of Council consideration of the 2022-23 Budget, this Office requires additional resources as detailed in the attached.

I appreciate your support of my Office as we work together to address the challenges our City faces with an approach that cultivates Los Angeles as a model for government equity, efficiency, and innovation. If you have any questions or would like additional information, please contact me directly at (213) 473-7534.

Sincerely,

Matthew W. Szabo
City Administrative Officer

Attachment: Report from the CAO "City Administrative Officer 2021-22 Interim Budget Request to Prioritize Equity in Budgeting and Capital Planning Particularly in Low-Income Communities of Color"

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 1, 2021

CAO File No. 0150-12001-0000

Council File No. 21-0039

Council District: ALL

To: Eric Garcetti, Mayor
Nury Martinez, Council President
Paul Krekorian, Chair, Budget and Finance Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: 21-0039

Subject: **CITY ADMINISTRATIVE OFFICER 2021-22 INTERIM BUDGET REQUEST TO
PRIORITIZE EQUITY IN BUDGETING AND CAPITAL PLANNING
PARTICULARLY IN LOW-INCOME COMMUNITIES OF COLOR**

RECOMMENDATION

That the Council, subject to approval of the Mayor:

AUTHORIZE by resolution the following 12 positions within the City Administrative Officer for the period of January 1, 2022 through June 30, 2022, subject to allocation by the Board of Civil Service Commissioners, and pay grade determination by the City Administrative Officer, Employee Relations Division:

Quantity	Class Code	Title
1	0011	Assistant City Administrative Officer
1	1554	Chief Administrative Analyst
1	9134	Principal Project Coordinator
3	1541-2	Senior Administrative Analyst II
4	1590	Administrative Analyst
2	1779-2	Data Analyst II
12 Total		

SUMMARY

In the wake of the COVID-19 pandemic and the nationwide protests following the murder of George Floyd, the City Council took several actions directing the City Administrative Officer (CAO) and other City departments to examine equity with respect to both the delivery of City services and the creation of an internal equity strategy.

In April of 2021, the City Council instructed this Office and the Chief Legislative Analyst to prepare a plan to reform the City's Capital and Technology Improvement Expenditure Plan (CTIEP) in part to prioritize equity, particularly in low-income communities of color (C.F. 21-0039). Following this direction, the CAO and the Community Investment for Families Department (CIFD) were tasked through the adoption of the 2021-22 Budget with recommending an appropriate equity index for the City's use that reflects factors such as unemployment, underemployment, poverty, cost of living, housing, and environmental impacts. The City Council also instructed this Office to work with the Personnel Department to examine disparate impacts of race in hiring and promotion and to provide recommendations to address issues where necessary (C.F. 21-0105). Most recently, the City Council instructed this Office to assist the Civil, Human Rights, and Equity Department (CHRED) with conducting a Racial Equity Audit of existing City programs, policies and practices to determine whether underserved communities face systemic barriers in accessing benefits and opportunities available across the City (C.F. 21-0702).

With these and other equity-related directions, the City Council has stressed the need for the City to take a more proactive and holistic approach in how we serve our residents, manage our resources and invest in neighborhoods and our workplace to ensure equity for all. This approach requires an assessment of historic investments in neighborhoods as well as a focused attention to how the City incorporates equity standards into the budget and capital projects. We must also assess the policies and actions that exacerbate barriers to equal opportunity to better equip the City with the tools and expertise necessary to enact policies, implement programs and deliver services that are equitable to all.

Given its City Charter-mandated responsibilities in the areas of financial and performance management, the CAO is in a unique position to lead and/or facilitate the work required on these issues. But to do so effectively and in a manner that institutionalizes equity principles and metrics in capital planning, budget development, and financial management processes, this Office requires additional resources.

Specifically, this Office is seeking to establish a new Equity, Performance Management, and Innovation Division. Additionally, to better serve the Mayor and City Council as the City's fiscal stewards, monitor departmental budgets and operations, and increase our capacity to carry out the Office's employee relations responsibilities as a new round of contract discussions is set to commence, the CAO requires additional resources within existing divisions. As such, the CAO is seeking authorization of 12 resolution positions as an interim budget request for the period of January 1, 2022 through June 30, 2022. The roles and responsibilities of each of the requested positions are summarized below. Additional detail regarding these positions is included in the Findings section of this report.

Positions Requested	Title	Role and Responsibility	CAO Group Assignment
1	Assistant City Administrative Officer	Provide executive level leadership and supervision of the Employee Relations Division and the new Equity, Performance Management and Innovation Division	Executive
1	Chief Administrative Analyst	Supervise the Equity, Performance Management and Innovation Division	Equity, Performance Management and Innovation
1	Principal Project Coordinator	Support development of policy recommendations in areas where improvement is needed	Equity, Performance Management and Innovation
1	Senior Administrative Analyst II	Lead efforts to develop the recommended Equity Index	Equity, Performance Management and Innovation
2	Administrative Analysts	Develop and track metrics and recommend actions for improvement where necessary	Equity, Performance Management and Innovation
2	Data Analyst II	Collect, clean, and interpret data sets to be used as part of the Equity Index or other initiatives	Equity, Performance Management and Innovation
1	Senior Administrative Analyst II	Budget Analyst responsible for the Physical Plant capital budget and coordination of the overall equity component of the CTIEP	Physical Plant – Equity in Capital Planning
2	Administrative Analysts	Conduct research and financial analysis on labor and management proposals	Employee Relations
1	Senior Administrative Analyst II	Budget Analyst responsible for the Community Investment for Families Department	Economic Development

The annual costs of these positions is \$2.38 million including \$1.65 million in direct costs and \$726,000 in related costs. However, for the current fiscal year, the CAO does not anticipate requiring an additional budget appropriation based on its hiring plan. Due to the timing it will take to fill all of the requested positions, this Office anticipates being able to absorb the cost of all 12 positions within existing budgeted resources.

FINDINGS

The negative and disproportionate economic impacts of the pandemic on certain communities have magnified the inequities prevalent in our City. Accordingly, the Mayor and City Council have called for a more focused attention to how the City incorporates equity standards into the budget and capital projects. Before such work can take place, this Office needs to develop and utilize equity measures to both identify disparities of resources offered to local residents and businesses related to racial, gender, socioeconomic status and other common indicators of disparity. Using these equity measures, we will collaborate with City departments to set internal workplace equity standards and recommend funding and policy priorities for the Mayor and Council's consideration. Towards this goal, this Office is requesting resources to engage in this new area of focus and to provide much needed capacity in various divisions to address increased workloads.

The roles and responsibilities of each of the requested positions are summarized below.

Assistant City Administrative Officer

The CAO requests to restore one Assistant City Administrative Officer (ACAO) that was previously deleted as part of the 2011-12 budget as the City struggled to recover from the impacts of the Great Recession. The ACAO will oversee the Employee Relations Division as well as the new proposed Equity, Performance Management and Innovation Division. The ACAO will provide executive level leadership and supervision to both divisions and may take on additional responsibilities as the Office considers a reorganization of its divisions.

Equity, Performance Management and Innovation Division

The CAO proposes to create a new division with responsibility for Equity, Performance Management and Innovation. The group would be led by a Chief Administrative Analyst, and be staffed by six positions consisting of one Senior Administrative Analyst II and two Administrative Analysts for equity and performance management, one Principal Project Coordinator for innovation, and two Data Analysts to support the work of the division and well as other CAO responsibilities Office-wide as necessary. The work and mission of each of the functions comprising this new division are as follows.

Equity

As a public agency delivering public services, equity must be at the heart of how we do business. One of the most impactful ways to institutionalize equity principles and standards is through the setting of funding priorities. Per Council instruction, the CAO's Equity, Performance Management and Innovation Division will work with CIFD, CHRED/Office of Racial Equity, and the Personnel Department to create an Equity Index for practical use by the City. The Index will track geographic areas, industries, communities, and others that receive City services and determining whether those services are distributed equitably. The Index will also look inward to identify and measure internal equity-related practices. The Index will serve as a guide for the Mayor, Council, CAO, and City departments in facilitating both funding priorities and resource allocation.

Upon approval of the proposed equity group, this Office and the departments named above will report back on the scope and process for establishing the Equity Index, including required research, data collection, testing and implementation.

Once established, this Office will incorporate the Equity Index into the budget process to assist the Mayor in proposed budget development and the Council in budget evaluation and approval. This Office will also report on progress toward achieving intended outcomes.

Performance Management

The success of the development and implementation of an Equity Index and incorporating the equity measures into the budget process will require a strong performance management function. The CAO has an interest in general efficiency and process improvement, which includes recommending best practices for performance management and recommending social, technological, and functional innovations and process improvements aimed at optimizing City operations.

City Charter Section 292 charges the CAO with broad responsibility in the area of performance management, as provided below:

292. Administrative Management Research

The Director of the Office of Administrative and Research Services shall conduct research in administrative management for the improvement of the organization, policies and practices of all appointed offices, departments and other agencies of City government, including, without limitation, the Proprietary Departments, for the purpose of evaluating programs and developing performance measures concerning the duties of the various positions, the methods and the standards of efficiency. The Director of the Office of Administrative and Research Services shall recommend to the Mayor, Council and the respective departments and agencies those changes that will promote economy and efficiency in the conduct of City government.

The Equity, Performance Management and Innovation Division will begin to build up the performance management function of this Office, focusing on priority areas as directed by the Mayor, Council and CAO. The tracking and reporting of key metrics related to delivery of City services and workplace operations, along with the recommendations for improvement where necessary, should inform the budget development process from department level to the mayoral decision level, and ultimately to the Council's actions as part of the adoption of the annual budget. Since the CAO will initially need to be selective with what it tracks and reports on, the equity metrics discussed above, once developed, would be the intended starting point.

Innovation

Whereas performance management would serve as an inward-looking self-evaluation function, the innovation component of the new group would perform an outward-reaching function. It should serve as a "best-practices" unit to survey and review policies and programs in other comparable jurisdictions, and develop partnerships with research institutions to support development of policy recommendations in areas where improvement is needed.

Data Science and Design

Critical to the group's work will be a commitment to data science. The requested Data Analyst IIs will support the three functions of the group, as well as other CAO responsibilities Office-wide as necessary. A design function will be incorporated to better communicate the group's findings and recommendations.

Physical Plant - Equity in Capital Budgeting

With the infusion of infrastructure funding set to take place from the state and federal governments, the Mayor and Council have sought to place the City in a position to maximize the benefits of this investment to accelerate our economic recovery. This Office has been instructed to report on the federal infrastructure and budget reconciliation bills and on the available categories and criteria for funding. Furthermore, we have been instructed to establish a process to review and prioritize applications for federal and state grant infrastructure funding based on metrics including job creation, economic competitiveness, advancing equity, environmental sustainability, availability of required matching funds or other costs, and shovel-readiness. This Office recently released the City's Five-Year Capital and Technology Improvement Program (CTIP) Book, the first effort in ten years to return to annual publication of a Five-Year Book, consistent with the City's revised Capital and Technology Improvement Policy adopted on May 3, 2020 (C.F. 19-1353).

The requested Senior Administrative Analyst II will provide much needed capacity in the CAO's Physical Plant Division to help produce the Five-Year CTIP Book annually and report on prioritized projects for state and federal funding. This position will also take the lead on reforming the CTIEP to prioritize equity, particularly in low-income communities of color, as directed by the Council (C.F. 21-0039).

Employee Relations

In addition to an Assistant City Administrative Officer with responsibility over employee relations, this Office requests two Administrative Analysts (AAs) to support City negotiators and the Executive Employee Relations Committee (EERC). The AAs would be responsible for conducting research and financial analysis to better support recommendations made to EERC members, and would conduct pre-negotiation outreach with departments to help ensure management is using the bargaining process to improve departmental operations and outcomes, including those related to equity, to the greatest extent possible.

Economic Development / Community Investment for Families Department (CIFD)

The CAO requests to add one Senior Administrative Analyst II to address increased workload associated with an increased number of City departments. This position will serve as the budget liaison analyst for CIFD and provide budget, grant, financial, and contractual analysis for the Department. In addition, as CIFD is responsible for the development and administration of the City's Consolidated Plan and Annual Plan (Con Plan), this position will review contracts with entities receiving Community Development Block Grant (CDBG) funding and report on the fiscal impact to the General Fund and Reserve Fund from actions taken on the Con Plan.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the General Fund in the current fiscal year as a result of the recommendations of this report. The CAO will absorb the costs of the recommended positions within existing budgeted resources. The full cost of the additional positions for 2022-23 is estimated at \$2.38 million including related costs. The CAO will submit a supplemental budget request as part of the 2022-23 budget development process for the continuation of these positions with funding in 2022-23.

FINANCIAL POLICIES STATEMENT

The City's Financial Policies indicate that interim requests for expanded department programs should only be considered under extreme circumstances. The Council's significant commitment to institutionalizing equity principles and metrics in capital planning, budget development, and financial management processes necessitates approval of this request. Therefore, the recommendation of this report complies with the City's Financial Policies as this interim budget request addresses an urgent Citywide need. In addition, the request does not require a new budget appropriation in the current fiscal year.