

0220-06017-0000

T R A N S M I T T A L

TO Council	DATE 09-26-22	COUNCIL FILE NO. 21-0039
FROM Office of the City Administrative Officer		COUNCIL DISTRICT All

In response to the Martinez-Price motion (C.F. 21-0039), this Office released a report dated January 26, 2022, which is responsive to the Council's instructions to develop a coordinated and holistic plan for implementing reform within the City's capital infrastructure programs to address equity objectives within low-income communities of color.

To better facilitate Council's consideration of the report findings and recommendations, our Office has prepared a PowerPoint presentation that is provided as an attachment to this transmittal.



Matthew W. Szabo
City Administrative Officer



Equity Prioritization within City's Capital and Technology Improvement Expenditure Program (C.F. 21-0039)

Office of City Administrative Officer

Purpose

Responding to Social Equity Motion (C.F. 21-0039): to develop a plan for reforming the City's capital programs to address equity objectives, especially within low-income communities of color.

Report Overview

Current Process

Capital budgeting process defined within Capital and Technology Improvement Policy adopted in May 2020

Interim Metric

Designation of census tract based Equity Index as initial social equity metric with additional considerations for citywide/regional projects

Limited Sampling

Results of limited sampling of past capital investments utilizing two independent data sets

Recommendations

Additional tasks for further development of a holistic plan to institutionalize equity objectives

Current Framework within Policy

Budget Timeline

- Capital and Technology Improvement Expenditure Program (CTIEP) annual budget submission (July – mid November)
- CAO funding recommendation to Mayor's Office (February - March)
- Release of Mayor's Proposed Budget (April)
- Council consideration of Mayor's Proposed Budget /CTIEP (April - May)
- Mayor/Council final adoption of CTIEP as part of City Budget (May - June)
- CAO Preparation of Five-Year Capital and Technology Improvement Plan (CTIP) (July - August)

Project Funding Prioritization Criteria



Interim Metric: Controller's Equity Index

Equity Index - Mapping tool to measure structural disparities and barriers to opportunities
(Additional considerations for citywide or regional projects)

- ❖ The Index uses socioeconomic, environment, education and access to resources dimensions that contribute to *a lack of opportunity*.
- ❖ Indicators include: Education level; Access to food, health insurance & internet; Air quality; Homeownership rates; Closeness to toxic releases; Poverty level; Traffic density; Rent burden.
- ❖ The Index provides a composite score on *a scale of 1 to 10*, with a lower score indicative of areas where residents experience less opportunity and access.

Interim Metric: Indicators used

I. Education	II. Resource Access	III. Environment	IV. Socioeconomic
1. Elementary English Proficiency Rate	2. Grocery Store Access	3. Particulate Matter Concentrations	4. Home Ownership
5. Elementary Math Proficiency Rate	6. Health Insurance	7. Toxic Releases	8. Living Below the Poverty Line
9. High School Graduation Rate	10. Internet Access	11. Traffic Density	12. Rent Burdened
13. College Graduation Rate	Controller's Equity Index was released on November 2020 based on 2010 Census Tract; Cal Enviro 3.0; and 2018 American Community Survey (https://lacontroller.org/data-stories-and-maps/equityindex/)		

Data Trends based on Limited Sampling

Source Data

CAO Five-Year data for Municipal Facilities and Physical Plant; BOE 20-Year data and Capital Improvement Equity Analysis

Perimeter

Limited sampling based on budgeted levels instead of expenditure levels due to limitations of current financial reporting functionalities

Data Trends

Higher concentration of capital investments within the Council Districts with the lowest median household income

Next Steps

Further analysis of data available within the City and implementation of project management system for transparency and consistency

Data Trends based on Limited Sampling (continued)

Investment levels for five CDs with the lowest median household incomes is more than double the rate of investment level for five CDs with the high-range income tier.

More analysis is needed to determine investments are meeting equity goals.

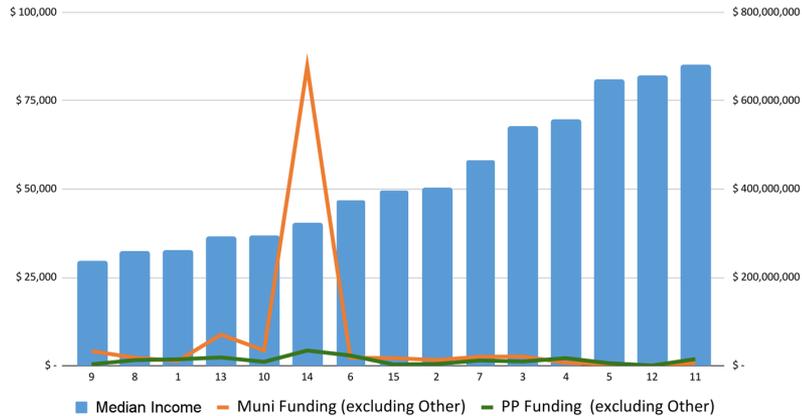
Five-year Funding for Municipal Facilities and Physical Plant (Attachments G & H)			
Council Districts (CD) ⁱ	Range of Median Household Income ⁱⁱ	Percentage Share of Capital Funds ⁱⁱⁱ	
		Full Set of Data Sampling	(Excluding Sixth Street Bridge)
9, 8, 1, 13, 10	Low-range: below \$36,506	19.98%	41.66%
14 ^{iv}	Mid-range Outlier: \$40,300	62.42%	21.66%
6, 15, 2, 7	Mid-range^v: \$46,767 - \$58,066	9.88%	20.59%
3, 4, 5, 12, 11	High-range^v: above \$67,639	7.72%	16.09%
CD Total:		100.00%	100.00%

Outlier project (Sixth Street Viaduct, approximately \$594 million of total shown for CD 14 funding level budgeted) that skews sample data.

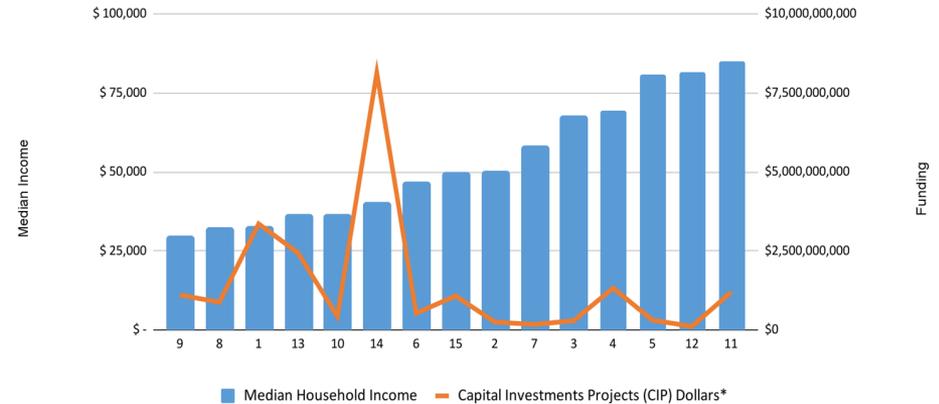
20-year Capital Investments for Construction Managed by BOE (Attachment I) ⁱ		
Council Districts	Range of Median Household Income	Percentage Share of Capital Funds (Full Data Sampling)
9, 8, 1, 13, 10	Low-range: below \$36,506	37.97%
14	Mid-range Outlier: \$40,300	37.56%
6, 15, 2, 7	Mid-rangeⁱⁱ: \$46,767 - \$58,066	9.44%
3, 4, 5, 12, 11	High-rangeⁱⁱ: above \$67,639	15.03%
CD Total:		100.00%

Data Trends based on Limited Sampling (continued)

Sampling of Five-Year Funding Allocations by CD and Median Income



By Demographic and Council District



Five-year CTIP Funding for Municipal Facilities & Physical Plant

Median Income Source: Capital Improvements Equity Analysis
(Mayor's Office of Budget & Innovation Data Team)

BOE managed Preliminary 20-year Capital Investments for Construction

Projects managed primarily by BOE & other Departments
<https://storymaps.arcgis.com/stories/4b4649cd06814b3aa67bfe98a069db22#ref-n-3Aq4fx>

Process Improvement & Next Steps

Current Framework

- Framework defined within the Capital & Technology Improvement Policy
- Funding Prioritization Criteria (Equity as one of five primary criteria)
- Incorporation of new Information Technology category
- Increased annual funding target to 1.5 percent of GF revenues (previously 1 percent target)
- Annual budget development process
- Resume publication of Five-Year Capital and Technology Improvement Plan (CTIP)

RECOMMENDATIONS (Rec. Nos.)

Interim Metric and Data Gathering Assessment for Continued Implementation

- CAO to work with City Depts to identify current assessments and strategic planning documents to determine investment needs/resource gaps (Rec. 1)
- CAO to report back on:
 - Proposed policy changes in capital budgeting and planning (Rec. 2a and b)
 - Cost estimates on additional resources to consolidate data, strategic planning and financial reporting capabilities (Rec. 2c)
 - Recommendations for enhanced social equity index/metrics (Rec. 5)
 - Opportunities to leverage federal/state infrastructure grants (Rec. 6)
- BOE to work with CAO & CLA on enhancements to social equity index (Rec. 3)
- Designation of Controller's Equity Index as interim measure (Rec. 4)