



**KAREN BASS**  
MAYOR OF LOS ANGELES

City of Los Angeles  
Mayor Karen Bass

# **Executive Directive No.4** **Identifying Barriers to** **Small Business Creation,** **Development and Growth**

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2024 Annual Progress Report

Prepared by the Mayor's Office of Business and Economic Development  
August 2024

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## **DEPARTMENT OF BUILDING AND SAFETY**

### **Summary of Department Report with Highlights**

The Los Angeles Department of Building and Safety (LADBS) is responsible for approving and inspecting all new construction, additions, or alterations to buildings within the city's 473-square mile boundary through the plan check, permitting, and inspection processes. In line with the intent of ED 4 and in order to assist small businesses in the City, LADBS has recently expanded its Zoning Review Section and expanded support for its Restaurant and Small Business Express Program.

The City's zoning code and its amendments have become very complex. Added to the complexities are overlays such as Specific Plans, Special Districts, Local Historic Districts (HPOZs), and more. Similarly, the Building Code has grown to three volumes and is supplemented by the Energy Code and various manuals and technical standards. The increased volume and complexities of the regulations present challenges for any single plan check engineer to handle.

By separating the zoning code review and creating the Zoning Review Section composed of architectural associates, the plan check process is now more consistent in the enforcement of the zoning code regulations, and this has allowed dedicated LADBS staff to develop areas of expertise more quickly, improve quality of work, reduce changes made later in the planning process, improve efficiency, and reduce cost for businesses.

The department's popular Restaurant and Small Business Express Program helps facilitate the approval process for all restaurants and other small businesses. The Restaurant and Small Business Express Program makes the permitting and inspection process more efficient through inter-department coordination, enabling new businesses to open on time and on budget. One new staff member has been added to this program to increase capacity and serve more small businesses with higher efficiency.

In addition to the new staff members exclusive to the Restaurant and Small Business Express Program, LADBS has also hired new staff members for the 2023–2024 FY throughout the department. This means all services offered through LADBS, including plan check, permitting, inspection, plan check, code enforcement, and more, are delivered in shorter time frames and with more responsiveness to cut costs and remove obstacles for new and/or expanding businesses in the City.

### **Existing and newly adopted services to assist businesses to open or expand a business:**

✓ **LADBS Call Center**

The DBS call center provides immediate responses to all calls requiring assistance. They process property complaints, schedule single inspection requests, provide inspection status updates, and answer other Departmental general questions.

From July 2023 through April 2024, the LADBS Call Center served and assisted 130,285 customers.

✓ **Same Day Virtual Counter for Building and Zoning Code Information**

The DBS Virtual Counter bridges the gap between the department's physical locations and customers' convenience. Customers can connect with DBS's knowledgeable team in real-time from their office, home, or on the go to discuss and consult on Building and Zoning Code information and regulations.

Since 12/1/2023, the inception of the Same-Day Virtual Counter, LADBS staff have assisted 11,074 customers.

✓ **Preliminary Plan Check**

This service provides applicants with an opportunity to meet with a plan check engineer to answer questions related to Los Angeles Municipal Code requirements or obtain other information concerning their project prior to plan check submittal.

From July 2023 through April 2024, LADBS conducted 214 preliminary plan check meetings with customers, excluding restaurants.

✓ **Development Services Case Management (DSCM)**

The goal of this service is to guide major and complex projects through the various city agency requirements during the design, planning, entitlement, and permitting stages.

From July 2023 through April 2024, LADBS assisted 131 projects through case management meetings.

✓ **Restaurant and Small Business Express Program (RSBEP)**

The goal of the RSBEP is to make the permitting and inspection process more efficient, enabling new businesses to open on time and on budget. The Program streamlines the approval process and provides assistance to business owners and their design and construction teams, enhancing coordination in permitting, construction, and inspection.

From July 2023 through April 2024, the RSBEP assisted 247 small business and restaurant cases.

✓ **Building Permit Clearance Handbook Manual**

The purpose of this Handbook is to consolidate all instructions given in a myriad of Department of Building and Safety memos written in the last 15 years on departmental clearances and convert them into standardized tools for plan check engineers, as well as the public, so that they can consistently determine what kinds of departmental clearances are needed based on the type of project and its location.

In addition, this handbook provides plan check engineers with the necessary information for them to properly refer permit applicants to the right office for departmental clearance. The use of this Handbook has resulted in the following:

- Reduction in the number of unnecessary or redundant clearances.
- A better mutual understanding between various city departments on clearance requirements prior to permit issuance, leading to a greater consistency of code enforcement.
- Reduction in the amount of time a customer spends on obtaining the necessary clearances.
- Reduction in the amount of time city staff uses on processing the necessary clearances.

DBS is constantly updating its Building Permit Clearance Handbook in conjunction with other City agencies and departments. The Building Permit Clearance Handbook was last updated on March 27, 2024.

✓ **Al Fresco (Outdoor Dining) Monthly Webinars**

In order to facilitate a smooth transition to the permanent program for existing and new Al Fresco participants, DBS participated in monthly webinars from February 2024 to June 2024 aimed at assisting all restaurant business owners and operators looking to learn about the permanent program and ask any questions. Spanish translation was also provided.

The latest webinar was held in June 2024 and was attended by 75 participants.

**Barriers that have been addressed or are in the process of being addressed:**

✓ **Program Expansion - Expand Zoning Review Section**

The City's Zoning Code is continuously expanding. Its voluminous regulations have evolved to require assistance from subject matter experts. Additionally, plan check engineers are also charged with applying the State's Building Code. Applying such a mix of regulations is not feasible for plan check

engineers to adequately perform their critical functions.

To simplify the intricacies of the plan review process, and to better and more efficiently process projects throughout the city, LADBS established a dedicated unit to learn, interpret, and apply the City's extensive Zoning Code. This new section is solely responsible for performing "zoning review" and is trained on the extensive and complex regulations established under the Los Angeles Municipal Zoning Code. The zoning review process is expected to streamline the in-house expertise in zoning codes and provide consistency in the plan check through additional training. The roll out of this section was designed in three phases and in line with ED4. Phase 2 included the launch of the Zoning Review Section to include small business projects. This Zoning Review Section consists of architects and architectural associates dedicated to zoning review.

➤ Timeline:

- Phase 1 - November 2022
  - Unit dedicated to affordable housing projects
- Phase 2 - October 2023
  - Incorporated the zoning review of small business projects
- Phase 3 – December 2024
  - Incorporated the zoning review for all projects

- **Enhance Support - Expand Assistance for the Restaurant and Small Business Express Program**

LADBS' Restaurant & Small Business Express Program (RSBEP) helps facilitate the approval process for all restaurants and other small businesses, such as retail shops, barber shops, nail salons, etc., throughout the city. With the post COVID recovery, LADBS has experienced an increase in demand for case management to assist Los Angeles businesses through the permit navigation process. This demand has increased by 16% in monthly workload from FY 19–20 to FY 22–23.

To address the service demand for LADBS to assist in the developmental and approval processes of projects for small businesses, DBS proposed to grow the case management support with additional experienced inspection staff to assist in the coordination of projects. LADBS has recently added a case manager and is planning for additional support to further assist small businesses with coordination across the development process, from preliminary development, to permitting, to inspection. The added case managers will help small businesses with timely business openings and streamlined approvals to assist business owners and their teams.



- Timeline:
  - August 2023
    - One additional Case Manager was added to the RSBEP unit
  - July 2024
    - Recruit and train an additional Case Manager

### **Conclusion**

The initiatives described above support the Mayor's goals of promoting the creation of, investing in, and growth of the City's local businesses. The various improvements made by the Department described above will enable the Department to further improve the timeliness and accessibility for small business creation as directed under ED 4.

## **DEPARTMENT OF CITY PLANNING**

### **Planning a City for Small Businesses**

At the outset of Mayor Karen Bass' declaration of Executive Directive 4 one year ago, the Department of City Planning (City Planning) affirmed its commitment to lowering barriers to opening and maintaining small businesses in the City of Los Angeles. Within the year, City Planning's response to ED 4 expanded from service enhancement proposals in the Project Planning and the Operations and Engagement Bureaus to quickly encompass the work of all four of the department's bureaus, including Citywide Policy Planning and Community Planning.

City Planning's role in implementing ED 4 is to develop land use policies and implementation infrastructure supportive of small businesses. The work of City Planning consists of preparing, maintaining, and administering the General Plan for the development of the City of Los Angeles. The kinds of businesses that City Planning engages with are those that have an interest in the use of land. This includes food and drink establishments, retail stores, hotels, childcare facilities, religious institutions, hospitals and medical services, schools, community service organizations, and the housing, transportation, building, and development sectors.



In order to address the barriers that these businesses encounter, City Planning has been conducting an ongoing and comprehensive survey<sup>1</sup> examining all of its various programs, projects, and initiatives — spanning all four of the department’s bureaus. As a result, City Planning and the Mayor’s Office of Business and Economic Development have identified barriers to small businesses that can be addressed through land use policy changes that reduce costs and provide greater access to City Planning services for more businesses.

## Barriers to Starting and Operating a Small Business

Five themes emerged from the department-wide survey as the barriers most pressing to small businesses: application fees, project review timeframes, accessibility of services, land use, and invoicing timeframes for department contracts.

### Application Fees

In order to operate many small businesses, approvals are often required from multiple government agencies. Each agency often charges its own separate fees at various points along different approval processes and at vastly varying rates for what can seem like similar outcomes. Plans that allow more types of projects to use an administrative alternative to the usual discretionary (FIGURE 1) review procedures administered by City Planning support a simpler, less expensive fee structure (FIGURE 2).

**FIGURE 1 - Common Characteristics of Discretionary and Administrative Procedures**

	Discretionary	Administrative
Public Noticing	YES	NO
Public Hearing	YES	NO
CEQA	YES	NO
Appealable	YES	NO

\*The purpose of this comparison table is to highlight common ways to identify "discretionary" and "administrative" or "ministerial" processes. There are specific exceptions in each category that this table does not address.

**FIGURE 2 - Administration Fee Comparison Table<sup>1</sup>**

<sup>1</sup> See Appendix A for City Planning’s ED 4 Project Dashboard, summarizing the information obtained through the survey. The dashboard provided in the appendix is a snapshot in time. The dashboard is updated regularly, with new initiatives added when appropriate and provided to the Mayor’s Office of Business and Economic Development.

	<u>Alcohol</u>		<u>All Other</u>	
	Administrative	Discretionary (ZA)	Discretionary 1 (DIR)	Discretionary 2 (ZA)
Application Fee	~\$6,200	~\$14,100	~\$7,600	~\$19,600
Clearance Fee	-	~\$2,900	~\$2,900	~\$2,900
TOTAL Fee	~\$6,200	~\$17,000	~\$10,500	~\$22,500

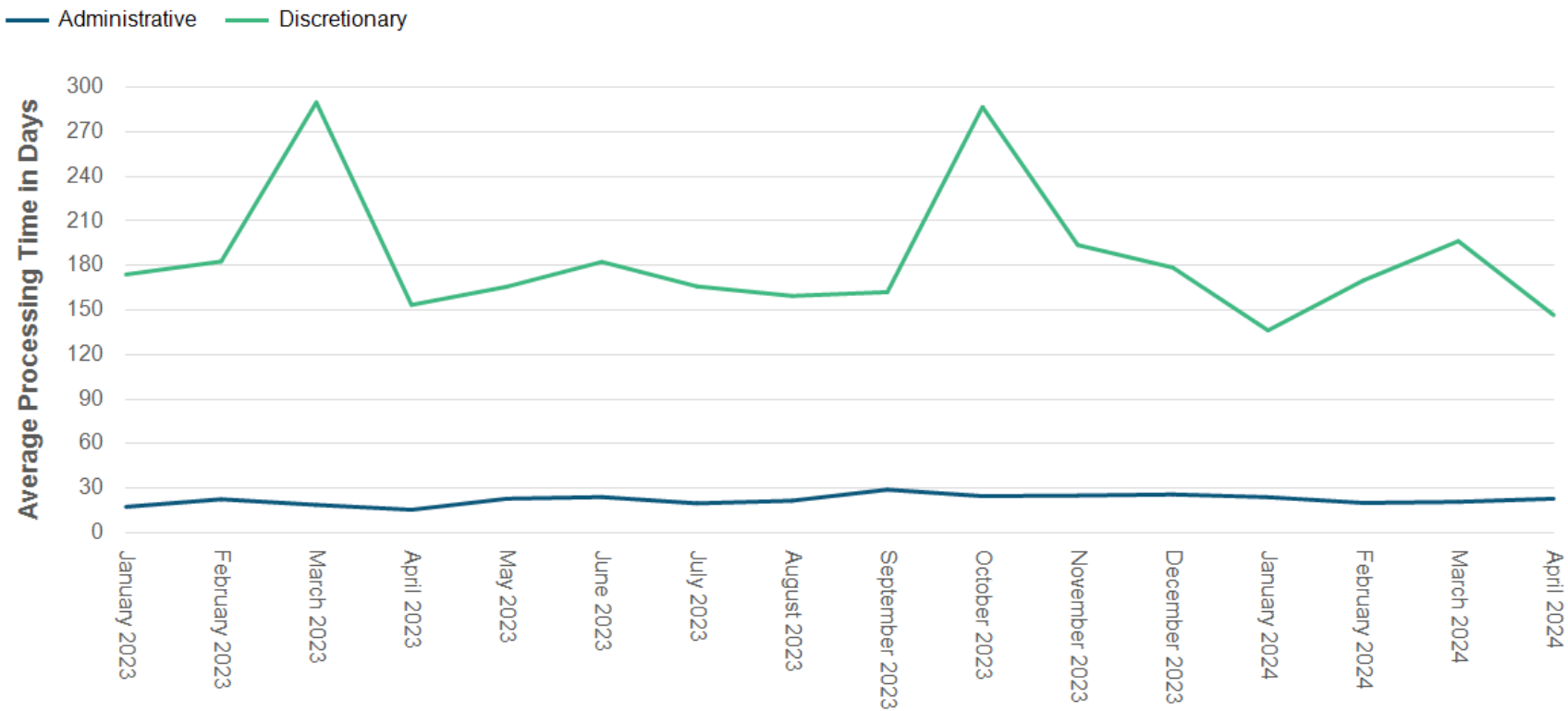
^The fees represented here are estimates for common project types. Exact fee amounts can be calculated using the department's fee calculator (<https://planning.lacity.gov/project-review/fee-estimator>).



**Project Review Timeframes**

Similar procedures that result in higher application fees also result in longer project review timeframes. Providing more options for administrative review procedures significantly reduces the amount of time that a request to the department is under review. The average timeframe for the department’s administrative procedures is just under thirty days, whereas the average processing time for a discretionary procedure ranges between 6 to 9 months (FIGURE 3). With administrative cases making up 60 percent of all City Planning cases, the disparity in processing times between discretionary and administrative cases is not due to the volume of cases in these two groups. Instead, the higher review timeframes for discretionary applications are largely due to the inherent complexity of land use planning processes (FIGURE 1).

**FIGURE 3 - Average Processing Time for Non-Residential Applications**



## **Accessibility of Services**

The ability of a small business to access City Planning services corresponds with the amount of time that projects take to be reviewed and the costs involved. If an applicant does not know where to start a project review process or how to engage in it, projects cannot get started or costs mount. For decades, many services were offered in-person only, on a more limited basis, in fewer locations, and in English only. These barriers to entry can be a deal-breaker for many small businesses.

## **Land Use**

A restaurant cannot operate without a place to do so. A general contractor cannot hire if there are no construction projects. The ability for a restaurant to get started or for the construction trade to sustain is enabled by the availability of land for their projects. In decades past, land use policies in the City of Los Angeles have limited the availability of land for small enterprises and for housing construction projects. Further, land use policies encouraged the enclosure of all commercial activities, including eating areas, within the walls of commercial buildings in commercial zones only. However, current best practices in land use planning as well as greater interest from communities throughout the City both have encouraged the availability of more land for communities to build themselves. This includes a thoughtful activation of outdoor spaces and a broader mix of uses allowed in a place, provided that urban form quality and good-neighbor standards are met.

Over the past year, City Planning has oriented several work programs toward initiatives that provide greater access to City Planning services at lower costs and with less waiting so that small businesses may avail themselves of new land use opportunities to establish themselves in the City and thrive.

## **Year One ED 4 Initiatives**

In City Planning's August 2023 ED 4 Strategic Plan,<sup>2</sup> the department anticipated that as services improve, more businesses would thrive. The good news is that City Planning's ED 4 initiatives have already made an impact on business activity in the City. City Planning's approach to addressing barriers for small businesses can be categorized into four areas, broadly along the department's four main work programs: citywide plan updates, community plan updates, development service enhancements, and contract administration (FIGURE 5). Here are some highlights of the department's ED 4 priority initiatives during year one:

## **Application Fees and Project Review Timeframes**

### **Restaurants and Retail**

Restaurants now save over \$10,000 in administrative fees by applying for alcohol service authorization through the Restaurant Beverage Program (RBP) instead of through a

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<sup>2</sup> See Appendix B for City Planning's August 25, 2023 ED 4 Strategic Plan

Conditional Use Permit (CUP) process. These restaurants also saved approximately 5-8 months in processing time using RBP, allowing them to open and operate sooner.

City Planning initiated work on direction from the City Council to draft a plan amendment to expand the Restaurant Beverage Program to establishments throughout the Exposition Corridor Specific Plan area.

An “express clearances” service has been added for building permit clearances with alcohol cases, and clearance services have been incorporated into the RBP and CUP effectuation procedures. This revision reduces multiple submissions, shortening overall review times.

### **Business Signage**

Signage helps businesses attract and guide customers. Over the past year, City Planning has been simplifying the review process for signage.

In December 2022, City Council adopted an amendment to the Westwood Village Specific Plan to create an Administrative Review procedure for new signs and changes of use, remove location restrictions for fast food and restaurant uses, and revise parking requirements. The adopted ordinance was effective December 2022 and has resulted in reduced fees and processing times for new signage and change of use applications within Westwood Village.

In September 2023, City Planning streamlined clearances for business signage by eliminating redundant intradepartmental referrals in the clearance process.

The updates in the [Ventura-Cahuenga Boulevard Corridor Specific Plan](#) shorten review timeframes and lower administration fees for most kinds of business signage by allowing them to be reviewed through an administrative process. The Ventura-Cahuenga Boulevard Specific Plan was approved by the City Planning Commission in January 2024 and will be scheduled for a hearing with the City Council’s Planning and Land Use Management Committee next.

## **Accessibility of Services**

### **New South LA Office**

The Department is joining the South Los Angeles Development Services Center (DSC) this year. The South Los Angeles Development Services Center will amplify availability, transparency, and access to City Hall services closer to underserved communities in the South Los Angeles, Watts, and Harbor areas. At the DSC, City Planning staff will be able to assist with in-person and virtual application filing and project consultation services, by appointment. Plans for future services include Community Plan office hours and permit clearances. These direct services will support business owners in completing applications, helping them open on time and on budget.

## **Regulatory Simplification**

The Process and Procedures ordinance went into effect in January 2024. The ordinance comprehensively reorganizes and amends all of the processes and procedures that were in Chapter 1 of the Los Angeles Municipal Code. Several years of planning went into developing the first in-effect chapter of the new zoning code. This comprehensive amendment was designed to make the zoning code simpler to access and apply.

The Processes and Procedures Ordinance is part of a larger initiative to comprehensively update the City's Zoning Code. The ordinance standardizes development rules, eliminates redundancies, and establishes the framework for the New Zoning Code. By collecting all administrative provisions into a single section of the municipal code, the ordinance makes it easier to look up the procedures that govern different types of project applications. The ordinance also establishes a more transparent and predictable set of rules for project review by grouping entitlements with similar procedures in the same approval path, and it reduces the number of processes for project review from almost 120 to about 60.

## **Landscape and Site Design Ordinance**

In April 2024, City Planning published the draft Landscape and Site Design Ordinance. In order to simplify and streamline review processes while improving the City's urban form, the ordinance prioritizes design standards that are objective over those that are non-objective. The draft Ordinance updates the City's current Landscape Ordinance, last revised in 2005, providing to project applicants more ways to make streets and sidewalks more walkable, support healthy communities, provide spaces for biodiversity to flourish, and create buildings and places that support positive community interaction and promote economic vitality. City Planning is concurrently developing an accessible online tool called the "Landscape and Site Design Calculator" to enable applicants to submit applications online for faster review and check their project for compliance with the standards and point requirements prior to submitting an application.

## **New Virtual Services**

New virtual services for clearances and administrative reviews were launched, including a new Al Fresco Alcohol Authorization Request Portal. This summer, a new online portal for building permit clearances will launch. Online services for clearances and administrative reviews allow applicants to submit requests from virtually anywhere, saving them time and money.

## **More Case Filing Appointments**

In May 2024, City Planning doubled the number of available application-filing appointments for services provided to food and drink establishments from 24 per month to 48 per month.

## Land Use

### Outdoor Dining

An example of a land use solution that can be easily applied is the development and implementation of a permanent Citywide Al Fresco program that allows restaurants to operate food and beverage services in seated outdoor dining areas. Prior to the onset of the COVID-19 pandemic in 2020, outdoor dining areas in the City were less common than they are now. During the first few years of the COVID-19 pandemic, the outdoor dining areas allowed through the temporary Al Fresco program were a lifeline to restaurants. These outdoor dining areas became invitations to customers, promoted a pedestrian-friendly environment, and appreciated the City's good weather. They became essential to the continued operation of many restaurants, while customers and communities became accustomed to them. Provided that a set of good-neighbor conditions and development standards are met, outdoor dining areas have been allowed through quicker approvals, lower fees, and greater flexibility and certainty for businesses and the communities they are in.

### Backyard Farming

On March 15, 2024, the City Council approved a motion to instruct City Planning, in consultation with the City Attorney's Office, to prepare and present a draft ordinance, amending the definition of "Truck Gardening." The amendment would allow for the cultivation of produce for use on-site and the sale or distribution on- or off-site to be limited to every other week, conducted only on Saturday or Sunday, and restricted to occur for no more than 4 hours. If adopted, the ordinance would provide additional opportunities for home gardeners to market and sell their produce.

### Housing Production

City Planning launched the Citywide Housing Incentive Program and the Citywide Adaptive Reuse Program to stimulate the production of housing. While increasing housing production has been the focus of many efforts put forth by City Planning in recent years, this work also supports all aspects of the City's economy, including trades and professions within various commercial sectors. New housing brings new customers and helps stabilize the largest expense consumers face, so more can be spent on local businesses. Furthermore, a robust housing market encourages ancillary services like healthcare, education, and public infrastructure, fostering an environment conducive to business expansion and new ventures.



**FIGURE 5 - ED 4 Initiatives by Bureau, June 2024**

	Department ED 4 Initiatives by Bureau	Administration Fees	Project Review Timeframes	Accessibility of Services	Land Use	Contract Invoicing Timeframes
Citywide Policy Planning Bureau - Citywide Plan Updates	Al Fresco Ordinance	X	X	X	X	
	Restaurant Beverage Program	X	X	X		
	Process and Procedures			X		
	Truck Gardening Ordinance				X	
	Landscape and Site Design Ordinance		X	X		
	Citywide Housing Incentive Program (CHIP)				X	
	Citywide Adaptive Reuse Program				X	
	Affordable Housing Streamlining Ordinance	X	X			
Community Planning Bureau - Community Plan Updates	Ventura-Cahuenga Boulevard Specific Plan	X	X	X		
	Exposition Corridor Transit Neighborhood Plan	X	X	X		
	Westwood Village Specific Plan	X	X	X	X	
	Hollywood Community Plan				X	
	Downtown Community Plan				X	
	Boyle Heights Community Plan				X	
Project Planning Bureau - Development Service Enhancements	New Virtual Services (Simpligov and OAS)			X		
	New Case Filing Appointment Times in BEST		X	X		
	Process Simplification for Signage Clearances		X	X		
	Spanish-language counter services in BEST		X	X		
	South Los Angeles Office Opening			X		
	Entitlement Review Program		X	X		
Operations & Engagement Bureau - Contract and Administrative Services	Contract Administration					X
	Systems - virtual applications and tools			X		
	Translation and Interpretation Services			X		
	Racial Justice and Equitable Planning	X	X	X	X	

## Ongoing and Future Initiatives

### Entitlement Review Program

The Department is aiming to launch a small business entitlement review program later this year in order to assist customers with more intense discretionary applications.

Helping applicants provide complete applications minimizes processing times and late hits for zoning issues, helping businesses open and expand in less time and at lower cost. Without the appropriate entitlement check and screening services and resources, application times continue to lag behind housing approvals and get stuck with zoning and land use compliance complications late in the permitting process.

### Virtual Application Services

After several years of administering a beta version of an online portal for telecommunications facility applications, City Planning has initiated an effort to prepare for launching the virtual application system with alcohol-related cases. Launch is anticipated later in the year.

## Business Development and Retention through Community Plans

### Downtown

The Downtown Community Plan envisions a sustainable, equitable, and inclusive future for Downtown. By implementing targeted land use designations and zoning districts, the plan aims to bolster Downtown's position as a regional job center. Specifically, the proposed zoning districts would allow for a flexible mix of uses, reducing prescriptive regulations in mixed-use areas and allowing for adaptability to a changing economy over time. This includes expanding the permissible areas for various employment uses, particularly near transit and civic resources. By promoting mixed-use development in walkable, transit-rich zones, the plan anticipates significant growth by 2040, projecting an increase of 100,000 housing units and jobs.

Central to the plan's success is its emphasis on supporting small businesses. By introducing flexible zoning tools, such as zoning districts that support historic cultural neighborhoods and encourage the clustering of community and visitor-serving uses, the plan prioritizes the preservation of small businesses. Specifically, the plan introduces measures to safeguard space for small businesses and promote entertainment and tourism along designated corridors. Additionally, the plan includes new zoning tools for transitioning industrial areas, facilitating a broad range of industries while protecting space for small makers and fabrication businesses.

Moreover, the plan addresses the needs of evolving industrial areas, striking a balance between preserving employment-centric zones and allowing for compatible residential developments. This approach encourages a diverse range of industries, fostering

adaptability and long-term economic vitality. Notably, the plan safeguards industrial uses in areas like the Fashion District and Arts District, preserving space for small-scale manufacturing and fabrication businesses through zoning restrictions.

In addition to zoning strategies, the plan introduces a Community Benefits Program, ensuring that new developments provide community benefits on-site in exchange for greater development potential. This includes provisions for small business support, such as incubators offering counseling, financial assistance, and networking opportunities. Additionally, the Community Benefits Program would establish a fund to provide financial assistance for longstanding legacy businesses in the Plan area with less than 50 employees.

Furthermore, the plan extends its protective measures to historic and cultural neighborhoods like Chinatown and Little Tokyo. In Chinatown, the zoning regulations prioritize ground floor businesses less than 10,000 square feet to preserve the area's unique character and prevent the displacement of longstanding businesses. Similarly, in Little Tokyo, tenant size restrictions prioritize small businesses, while the streamlined allowance of on-site alcohol sales facilitates new revenue streams for local establishments.

The Fashion District stands as a focal point of the plan's industrial preservation efforts. Through the promotion of mixed-use development and the integration of various manufacturing activities, the plan aims to sustain the district's economic vitality by thoughtfully regulating residential and commercial uses. Building design requirements and incentives further bolster these efforts, prohibiting residential and hotel use in existing buildings and ensuring the retention and expansion of manufacturing activities, thus fostering a dynamic and inclusive urban landscape.

Furthermore, the Downtown Plan actively facilitates opportunities for spaces that are both affordable and accessible to small businesses, catering to a range of business sizes and industry sectors. Notably, building design requirements include rules aimed at mandating manufacturing uses in new mixed-use projects, with a specific requirement for freight elevators. Additionally, the plan introduces incentives for buildings with 50% or more manufacturing uses. A key zoning strategy is further distinguishing between noxious manufacturing and cut-and-sew activities, thus permitting small-scale cut-and-sew businesses across the Plan area.

Overall, the Downtown Community Plan embodies a comprehensive approach to fostering economic growth, preserving cultural heritage, and supporting small businesses through specific zoning measures, community partnerships, and targeted incentives. Through these approaches, the plan lays the groundwork for a resilient and prosperous Downtown Los Angeles.



## Hollywood

The Hollywood Community Plan Update will rezone portions of the Hollywood Media District from MR1 to M1 to better facilitate commercial amenities (retail and services) within this office/production employment center. Additionally, commercially zoned properties will be zoned C2 in support of a broad range of commercial activities within the Central Hollywood area. The Hollywood Community Plan introduces a 5,000 square-foot limit for individual retail and restaurant tenant spaces on Melrose Avenue between Fairfax Avenue and Highland Avenue to preserve the scale of many existing small businesses and preclude large-scale “big box” establishments.

## Boyle Heights

Small Business retention is vital to the social and economic fabric of every community. The Boyle Heights Community Plan Update (BHCPU) policies and zoning aim to maximize the preservation of commercial spaces and provide opportunities for small and local businesses by regulating the size of tenant spaces in order to help maintain affordability and promote its existing diversity, while also encouraging developments to provide tenant spaces that are appropriately scaled for neighborhood serving purposes. The BHCPU introduces the Commercial-Mixed 2 (CX2) and Commercial-Mixed 5 (CX5) Use Districts as part of the New Zoning Code, which limits tenant size to 50,000, and 5,000 square feet, respectively, in order to preclude large-scale “big box” establishments, and to preserve and promote small businesses. *Tienditas* (corner stores) have also existed in Boyle Heights since the 1900's; some residential neighborhoods will now be zoned with the Residential-Mixed (RX2) Use District, which allows for the limited introduction of small businesses throughout the neighborhood. *Tienditas* are limited to corner lots, a maximum size of 1,500 square feet, are not permitted for alcohol sales, and include certain hours of operation.

With the proliferation of new uses and technologies in the emerging economy, it is important to retain and sustain small businesses unique to communities. To achieve this goal, the BHCPU introduces three new strategies in the zoning regulations to provide incentives for preserving, retaining, or accommodating Legacy Small Businesses (LSB), as summarized in Figure 6 below.

**Figure 6: Legacy Small Business Incentives in BHCPU**

Incentive	Strategy	Geographic Applicability in Boyle Heights
Sec. 5C.4.6. Legacy Small Business Special Use Program (Article 5 Use, Div. 5C.4. Special Use Programs)	Fulfills residential dwelling “In conjunction with” standard in Use District IX6 for mixed-use projects	Where Use District IX6 is applied in Los Angeles River-adjacent areas of the Boyle Heights Community Plan Area
Sec. 9.3.4.C.9. Legacy Small Business Incentive Area (Article 9 Public Benefits System, Div. 9.3 Community Benefits Program)	Floor Area bonus for non-residential projects	
Sec. 9.4.8. Legacy Small Business Program (Article 9 Public Benefits System, Div. 9.4 General Incentive Programs)	Floor Area exemption for mixed-use projects	Boyle Heights Community Plan Area

As part of the BHCPU, which introduces Hybrid Industrial land uses adjacent to the Los Angeles River, the new Industrial Mixed-Use (IX6) Use District allows for the relocation of a LSB to fulfill the 0.5 Floor Area Ratio (FAR) “In conjunction with” standard that is required of new development projects that include residential uses. Non-residential projects within the IX6 Use District can also achieve bonus floor area and height by providing space for a LSB through the Legacy Small Business Incentive Area as part of the Community Benefits Program for the BHCPU. Standards for eligible LSBs include having been in continuous operation for at least 20 years with no break in its operations exceeding two years and within a 2 mile radius of the project site in the City boundaries, along with meeting two out of four additional standards focused on business operations. Finally, the zoning regulations for all Form Districts across Boyle Heights are being modified such that any new building that incorporates space to “re-home” a LSB may exempt the floor area for that business from its overall floor area calculation through the Legacy Small Business Program. In addition to this, the BHCPU policy document introduces policies and programs that help protect existing locally owned businesses while supporting the development of programs and strategies to assist local entrepreneurs establish or expand small businesses in the community. This includes proposing small business assistance and retention, as well as business outreach and mentorship programs in collaboration with the City Administrative Officer, Economic & Workforce Development Department, and Los Angeles Unified School District.

On January 11, 2024, the City Planning Commission approved updates to the Boyle Heights Community Plan. The next step is to present the recommended changes to the City Council's Planning and Land Use Management Committee.

### **Northeast LA - El Sereno / 710 Corridor Rezoning**

City Planning is updating the land use and zoning for approximately 250 properties along the eastern edge of the Northeast Los Angeles Community Plan, within the neighborhood of El Sereno. In 1999, the parcels were designated and zoned for Public Facilities and Open Space in anticipation of the expansion of the 710 Freeway by Caltrans, a plan that was terminated in 2018. The subject properties are mostly developed with single family homes and accessory structures, though some multi-family structures, commercial buildings, and other structures and uses also exist within the corridor. City Planning will redesignate the properties within the corridor to a mix of Low Residential, Low Medium II Residential, Medium Residential, and General Commercial land use designations, with corresponding zones of R1, RD1.5, R3, and C2, while maintaining some properties designated for public facilities and zoned PF for public parks. The zoning being proposed is intended to correspond to the prevailing characteristics of the neighborhood. The current general plan land use designation and zoning applied to these properties makes most development legal nonconforming or impermissible. The new C2 Zone along portions of Huntington Drive allows the legacy small businesses in the corridor to obtain a zoning designation that is beneficial to their current and future business operations. The City Planning Commission Meeting will be held on June 13, 2024.

### **Cornfield Arroyo Seco Specific Plan (CASP)**

On December 14, 2023, the City Planning Commission recommended approval of the Cornfield Arroyo Seco Specific Plan (CASP) update. City planning is updating the CASP to support the production of more affordable, mixed-income, and permanent supportive housing. A focus of the current CASP is to retain land uses that support employment. The updated CASP continues to prioritize industrial and commercial uses in the Urban Innovation and Urban Center Use Districts. The updated CASP would establish a minimum Floor Area Ratio (FAR) of industrial, commercial, or other job-producing uses for new projects within those Use Districts, before any housing is allowed. One-hundred percent restricted affordable housing and permanent supportive housing projects would be exempt from this requirement. The updated CASP would continue to permit light industrial uses, including in the Urban Village Use District, that are generally compatible with residential uses and would not permit heavy industrial uses. New zoning standards would introduce buffering, distancing, and screening requirements when industrial and residential or other sensitive uses are located near each other. Additionally, the Community Benefits Program of the updated CASP introduces a new type of community benefit that incentivizes setting aside space within a development project for community-serving and/or legacy businesses at below market rents.

### **Racial Justice and Equitable Planning**

A legacy of inequities, including racialized policies—from redlining and zoning to urban renewal—has contributed to the disenfranchisement of Black people, indigenous people, and people of color in Los Angeles. One example is the inadequacy of diverse and inclusive community engagement that has led to a lack of stakeholder involvement in urban



planning policy and development decisions, which have oftentimes contributed to poor economic outcomes for these communities. Another legacy of prior urban renewal policies is the destruction of neighborhood-serving businesses, depriving communities of the opportunities to access fresh fruits and vegetables or health services for their families.

To address these inequities, City Planning is continuing efforts that focus on an approach to planning that is grounded in equitable results and inclusivity for SBEs, WBEs and MBEs. City Planning's ED 4 efforts that provide greater access to services, reduce costs, review timeframes, and land use barriers all contribute to a vision of more equitable outcomes. The opening of City Planning's new South Los Angeles office this year is an example of a step in the right direction. Future City Planning ED 4 initiatives may be aimed at supporting the establishment of more quality-of-life enhancing services, such as groceries and health clinics, in neighborhoods that need them. South Los Angeles, for example, has the same land mass and population as the City of San Francisco but a very small number of services that enhance the day-to-day quality of life.

### **Language Access**

As part of this effort to promote equitable outcomes, City Planning is aiming to expand language translation and interpretation services to improve the reach of various services to small businesses. More than 200 languages are spoken in the Los Angeles area, and over a half million immigrant City residents, many of whom are business operators, speak a language other than English as their primary language. Many of the City's services are offered only in English. In order to provide culturally relevant services to speakers of a primary language other than English, City Planning will need to identify and expand the services that can and should be offered in languages other than English and which languages those services should apply, including Spanish, Korean, Mandarin, Armenian, Farsi, and many more where applicable. Some key programs have already been identified as candidates for expanded language access initiatives, including the Al Fresco outdoor dining program, the Restaurant Beverage Program, and the proposed Small Business Entitlement Review Program.

### **Conclusion**

City Planning is committed to a vision of an equitable City with sustainable communities and abundant housing opportunities. A City that achieves one achieves them all. Through Executive Directive 4, City Planning's work on paving the way for minority businesses, women, and microenterprises fully engages this vision of the City. City Planning looks forward to continuing the work.



## **DEPARTMENT OF WATER AND POWER**

The Los Angeles Department of Water and Power (LADWP) is committed to promoting the creation of, investment in, and growth of local businesses. LADWP has been working to identify opportunities for cost savings as well as opportunities for process improvements to help streamline the processing of project requests for new or upgraded electric services. These improvements include the following:

- Reducing Costs of Underground Line Extensions
- Improving Utility Permitting Processing Times
- Webinars and Information Sharing
- Hiring Additional LADWP Staff
- Agency Collaboration with Customers

Each of these initiatives by LADWP has a tangible and positive impact on small businesses in Los Angeles. They reduce costs, expedite processes, provide access to valuable information, enhance customer service, and foster an environment where small businesses can thrive and contribute to the city's economic development.



### **Adopted Services and Process Improvements**

The Los Angeles Department of Water and Power (LADWP) is committed to promoting the creation of, investment in, and growth of the City's local businesses. LADWP has been working to identify opportunities for cost savings as well as opportunities for process improvements to help streamline the processing of project requests for new or upgraded electric services.

#### **Reducing Costs of Underground Line Extensions**

In August 2023, LADWP implemented a new initiative that helps reduce customer costs for underground line extensions, when required on their projects. This initiative has a direct and positive impact on small businesses in the City of Los Angeles. These businesses often face tight budgets and financial constraints when planning expansion or new projects. By

implementing cost-reduction measures, LADWP is making it more economically viable for small businesses to invest in Los Angeles.

Before the new initiative was implemented, each customer project that required an underground line extension in the public right of way was required to pay 100% of the costs associated with the design and installation of the underground infrastructure. Depending on the scope of the required line extension, these costs could range from a few thousand dollars, to hundreds of thousands of dollars, or more.

Under the new **Fair Share Powerline Program**, these costs will now be shared with all customers, existing and future, that can benefit from the installed infrastructure. The program is available to projects submitted to LADWP after September 1, 2023, that require underground line extensions in the public right of way.

This new initiative required careful planning and analysis to develop. It was reviewed and approved by the Los Angeles Department of Water and Power's Board of Commissioners, as it required revisions to the Rules Governing Water and Electric Services.

- ❖ *Status Update:* As of May 2024, 50 projects have been submitted to LADWP that are eligible for this program. Cost savings will vary per project, but customers that originally were required to pay 100% of the line extension costs may now typically share costs with 3 to 6 other projects. For projects that are developed in areas with no future customers identified, developers may be required to pay 100% of line extension costs.

Lowering these costs can be a game-changer for small businesses, as it enables them to allocate resources to other critical aspects of their development projects. Whether it's a small retail store, a neighborhood cafe, or a local childcare facility, reduced costs for infrastructure improvements translate to increased sustainability for these businesses.

### **Improving Utility Permitting Processing Times**

To expedite the review and processing of utility permits for customer-initiated projects, LADWP has been working with the Bureau of Engineering (BOE) on process improvements. These efforts include providing financial support to BOE, which has allowed BOE to hire dedicated staff that work to review and approve utility permit applications submitted by LADWP.

BOE has been able to hire a dedicated squad of staff for this purpose. This includes the hiring of one Senior Engineer and four Civil Engineering Associates dedicated to processing utility permits for both LADWP Utility and Customer-initiated projects.

BOE is also working to make improvements to its online permit payment application, with the goal of allowing customers to pay for utility permit fees directly to BOE online. Currently, LADWP staff invoice customers for their permit processing fees, which customers then pay directly to BOE.

- ❖ *Status Update:* As of April 2024, LADWP utility permit applications have averaged 182 days in BOE for review and approval. BOE typically responds within five (5) business days for each iteration of permit review.

Small businesses thrive on agility and the ability to swiftly execute their plans. Delays in utility permitting can be a significant obstacle for them. By supporting additional BOE staff and committing to expedited permitting processes, LADWP is directly supporting small businesses in their endeavors.

Faster utility permitting processing times mean that small businesses can get their projects up and running more quickly. For instance, a new restaurant can start serving customers sooner, a retail store can open its doors without unnecessary delays, and a local market can expand its offerings promptly. This translates to boosting the economic development and growth potential of small businesses, ultimately improving the City of Los Angeles.

### **Webinars and Information Sharing**

LADWP aims to provide customers, including small businesses, with more opportunities to access vital information and benefits from initiatives under ED4. LADWP has been conducting quarterly customer webinars with content tailored to the needs of its target audience, including small business owners and operators. These webinars help to address specific process questions, offer project submittal guidance on technical information needed by LADWP, prepare developers for better planning, and help small businesses make informed decisions and better understand the LADWP process related to project submittal, design, construction, and inspections.

- ❖ *Status Update:* LADWP conducted its latest customer New Business Quarterly workshop in March 2024, with approximately 240 attendees. LADWP also offers additional customer workshops related to 100% Affordable Housing projects, Electric Vehicle Charger Design projects, and Renewable Solar and Battery Energy Storage projects.

These webinars provide a platform for small businesses to gain a deeper understanding of LADWP's initiatives and processes. They address specific design questions, offer guidance on compliance, and help small businesses make informed decisions about their projects. This access to information is invaluable for entrepreneurs looking to make their mark in the city's competitive business landscape.

### **Hiring Additional LADWP Staff**

The hiring of additional staff within LADWP is a promising development for small businesses. With more personnel dedicated to processing permits and facilitating projects, small businesses can expect a more responsive and efficient experience when working with the department.

The goal is to provide staffing in all areas where additional personnel will significantly reduce the deliverable queue for customers. This includes the hiring of additional design engineers and electrical inspectors that work directly with customers on their new project submittals. The hiring of new staff can be a complex and lengthy process, but LADWP recognizes this as a critical component to maintaining a proper level of customer service and support.

- ❖ *Status Update:* As of May 2024, LADWP has hired 30 design engineers and 10 electrical service inspectors since June 2023. This staff works directly with customers on new or upgraded electric service requests.

For small businesses, time is money. The reduction in processing times resulting from increased staffing means that projects can move forward swiftly. This not only reduces the administrative burden on small business owners but also allows them to realize their business objectives in a timely manner. It fosters an environment where small businesses can take advantage of opportunities and respond to market demands more effectively.

### **Agency Collaboration with Customers**

Allowing customers, including small businesses, opportunities for pre-submittal/design/conceptual workshops is a proactive step toward ensuring their success. Small businesses often lack the resources and expertise to navigate complex technical and regulatory requirements. Collaborative workshops with city agencies, such as LADWP and LADBS, offer them a chance to receive guidance and clarity on how to meet these requirements.

LADWP offers customers opportunities for pre-submittal/design/conceptual workshops. This approach allows customers to discuss their projects before final designs are submitted to any city agency, ensuring the incorporation of LADWP requirements in the initial plans. This also helps to minimize or eliminate the need for project revisions.

- ❖ *Status Update:* LADWP staff continue to offer these pre-submittal/design/conceptual workshops to customers when helpful. Customers should also request pre-construction site meetings with the department's inspectors once designs have been developed and at the start of construction activities to ensure there are no customer questions prior to construction.

By incorporating LADWP's requirements early in the planning stages, small businesses can avoid costly delays and design alterations later in the process. This not only saves them time but also ensures that their projects are following all necessary regulations from the outset.

In summary, each of these initiatives by LADWP has a tangible and positive impact on small businesses in Los Angeles. They reduce costs, expedite processes, provide access to valuable information, enhance customer service, and foster an environment where small businesses can thrive and contribute to the city's economic development.

## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF ENGINEERING**

### **Summary of Departments Report with Highlights**

The Bureau of Engineering (BOE), as part of its response to customer service needs during the COVID pandemic in conjunction with the BuildLA portal development, has advanced several applications aimed at providing customers with the ability to access staff either virtually, or in person. It also provided customers the ability to submit service requests 24 hours a day, 7 days a week.

BOE is not the lead agency for requests to open or expand businesses. As such, the process for reviewing all requests is similar. Through the use of permit tagging, the ability to assign identifiers to records in each of the permit and service applications, BOE is developing the ability to quantify and, if need be, prioritize service requests or permit applications submitted by applicants.

### **Newly adopted and existing services to assist businesses opening or expanding a business**

- ✓ **Virtual Counters:** Through both the BuildLA appointment application and the Customer Service Request Portal, BOE staff receives and processes approximately 11,000 customer interactions monthly. Approximately 95% of all interactions are completed virtually. Approximately 40% of interactions are made via the virtual counter, in which customers wait in a virtual queue for the next available staff. The system is configured to allow the customer to determine which queue to wait in based upon the location and type of request.
- ✓ **Customer Service Request (CSR) Portal:** BOE, through the development and implementation of the CSR portal, allows constituents or permittees to submit a service request or question to the appropriate BOE office 24 hours a day, 7 days a week. The portal replaces the use of emails and allows for all requests to be tracked to completion. Each request and communication thread is captured so that no requests are lost. Additionally, through this tool, BOE staff can monitor performance with the goal of providing a response within 2–3 business days. This tool can be used for iterative processes that require little or no face-to-face interaction.
- ✓ **Pre-consultation:** BOE, through its Permit Case Management Division (PCM), gives customers the ability to reach out to BOE staff to discuss projects, public improvement design proposals, as well as the ability to identify possible BOE requirements associated with the development or opening/expansion of a business. This can be achieved through any BOE district office as well. There is typically no charge for this service.
- ✓ **Manuals:** BOE has developed the Development Services Procedures Manual (DSPM) found at [engpermitmanual.lacity.org](http://engpermitmanual.lacity.org). DSPM is an online procedures manual that is both inward and public-facing. It provides BOE staff and the public with the ability to see the requirements and procedures for review and approval for all of BOE's permit

applications and services. These include a building permit clearance summary worksheet of clearance items. This manual is continually updated as processes and codes change.

## **Forthcoming Improvements**

### **Permit Tagging**

All service requests and permit applications appear the same in a queue of requests to BOE staff. There is no ability to differentiate between requests as they have similar identifiers. BOE aims to create the visibility required to identify a request type, an example being if the request is related to certain executive directives, for instance. This allows for quantifying as well as establishing metrics for processing the requests.

To do this, BOE will develop a database of tag types, create the ability to add these tags to the application records, and create visibility on workload queues to allow for prioritization. Currently, the permit tag capability has been created in all BOE applications. BOE still needs to create visibility in the work queues and develop reporting capabilities. Tags are visible on the CSR staff landing page, allowing the department to prioritize requests.

### **Enhancing Customer Interface Capabilities**

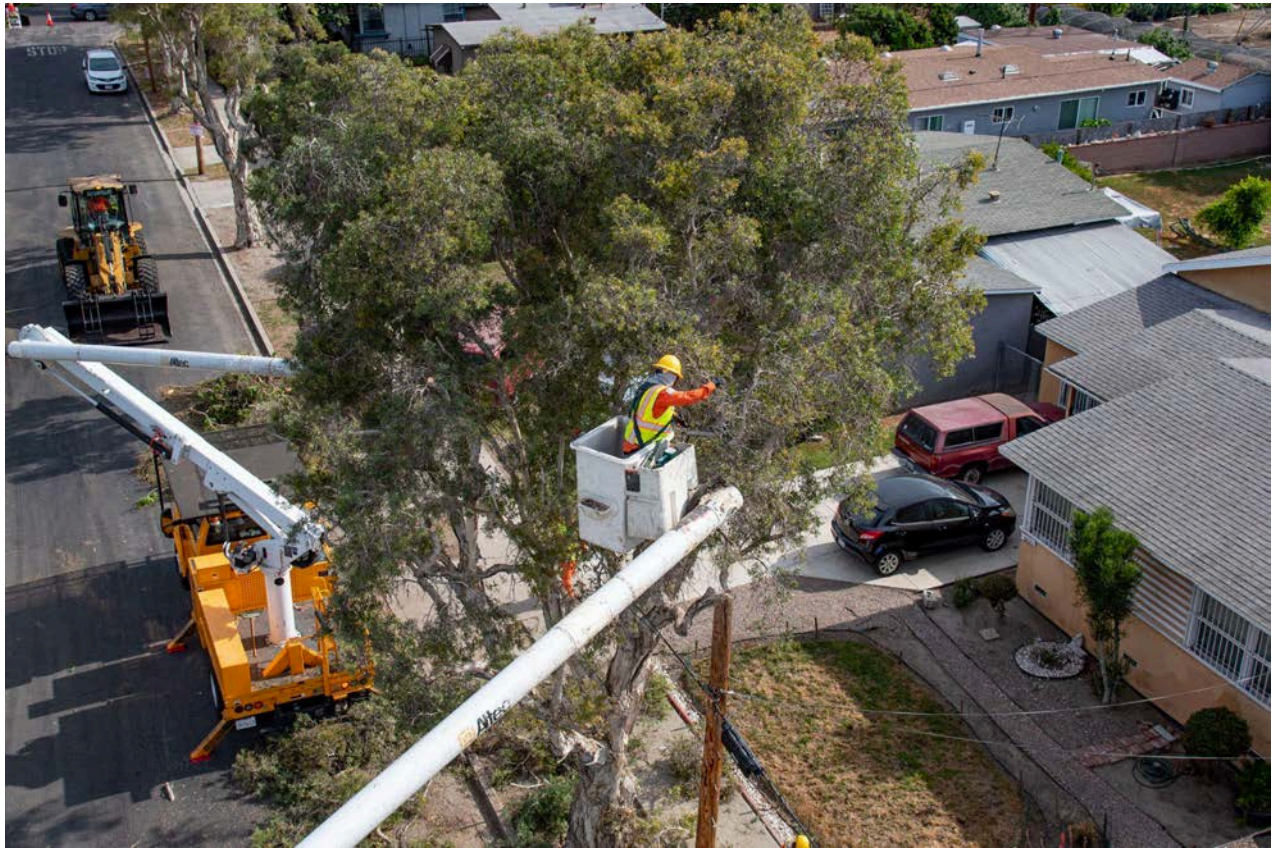
Continued enhancements to BOE service applications are needed to allow them to be customer-facing. Several service applications used in processing BOE tasks associated with building development do not have a customer interface. As such, customers cannot check on the status of their applications.

BOE plans to enhance the Highway Dedication Tracking System to create a customer interface and visibility similar to that of the CSR application to allow customers the ability to submit applications directly to these service applications, thereby bypassing the need to submit a CSR request to either initiate their application or request the status of the request.

The timeline is dependent on programming availability. This project has been initiated this year.



## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF STREET SERVICES**



The Bureau of Street Services (StreetsLA) is responsible for strategically managing and maintaining much of the infrastructure in the City's public rights-of-way, including approximately 23,000 lane miles of streets and 660,000 street trees. The Bureau simultaneously implements long-term strategic goals and programs, including resurfacing and tree trimming, while also responding to more immediate requests, including pothole repairs, tree emergencies, and ensuring streets and sidewalks are accessible for all users. StreetsLA is also responsible for street sweeping and is the permitting agency for sidewalk vendors, special events, and permits related to tree plantings, removals, and certain construction activities in the public right-of-way.

Although StreetsLA has minimal involvement in processes specifically related to the opening of a new business, the Bureau is involved with permitting that relates to construction and development in the City. The StreetsLA divisions that are primarily responsible for the Bureau's permitting processes are the Urban Forestry Division (UFD), which has jurisdiction over matters related to trees, and the Investigation & Enforcement Division (IED), which oversees permits related to sidewalk vending and construction activities and materials.



In addition to ED4, StreetsLA—and UFD in particular—has been an active participant in reforming processes related to ED1 and ED7. A major component of UFD’s work on ED1 and ED7 relates to involving the Bureau early on in the entitlement or development of a new or major construction site, so that issues related to trees, particularly tree removals, can be addressed and resolved at the beginning of the process, allowing a project to be designed with trees and tree removals in mind. In past instances, other departments may have entitled and permitted a building or site without realizing that the project approvals have conflicted with tree preservation as the Bureau currently does not have official guidelines for private property; this has resulted in additional steps, costs, and headaches toward the back end of the development process. Incorporating StreetsLA/UFD into the entitlement and approval process from the beginning will enable the development and eventual construction of a new building or site to occur in a more streamlined and efficient manner.

The Bureau’s goals and actions related to ED4 Working Group 1 all follow the same principle: working to ensure that StreetsLA permits are: (a) understood more clearly by both stakeholders and other departments; and (b) processed in a timely, efficient manner that emphasizes simplicity and minimizes back-and-forth with outside parties.



## Adopted Procedures and Services

UFD acts as the permitting agency for 11 types of permit clearances, performs site inspections and serves as a liaison for the public, City departments, City Council and the Mayor's Office. Processes handled by UFD include:

- B-Permits [overseen by the Bureau of Engineering (BOE)] that relate to trees
- Street tree removal permits
- Private property native/protected tree removal permits
- Root prune permits (for street trees)

UFD also provides the following clearances or reviews during the process to entitle a new building or acquire building permits prior to construction:

- Department of City Planning (DCP) environmental clearances prior to a Letter of Determination (LOD) being issued
- DCP inter-departmental correspondence case conditions, after an LOD has been issued
- DCP building permit clearance for a project located in a Community Plan Implementation Overlay (CPIO)
- Building permit clearance to disturb or remove protected trees
- Building permit clearance to impact or remove street trees in the parkway
- BOE U-Permit review

UFD's involvement in the above processes usually begins with a notification from BOE through BOE's Projectdox or Customer Service (CSR) portals. Generally speaking, UFD performs and completes its work within a matter of weeks, depending on: (a) the complexity of the issue; (b) the preparedness and responsiveness of the applicant; (c) the responsiveness of other relevant departments or agencies who are also involved; and (d) UFD resources; the division is challenged for resources and staffing, which affects turnaround time.

Department: **Bureau of Street Services (StreetsLA / BSS) - Urban Forestry Division (UFD)**

Procedural Roadmap: **Opening a New Business - Street Tree Removal Permit**

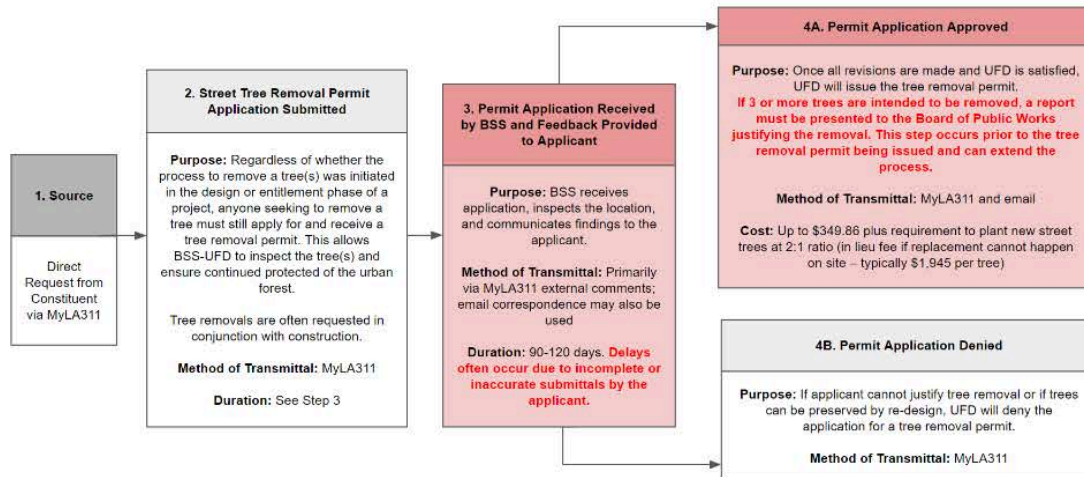
Duration of Full Process: **90-120 days (generally, but could also be impacted by Step 4 – see below)**

Applicable to: ☒ **New Construction** ☐ Tenant Improvements ☐ Change of Use ☒ Expansion of Existing Space

Aggregated cost of associated Fees: **Up to \$349 plus requirement to plant new trees at 2:1 ratio**  
(in lieu fee if replacement cannot happen on site – typically \$1,945 per tree)

**Executive Directive 4 Procedural Roadmap**

Opening a New Business\_Template



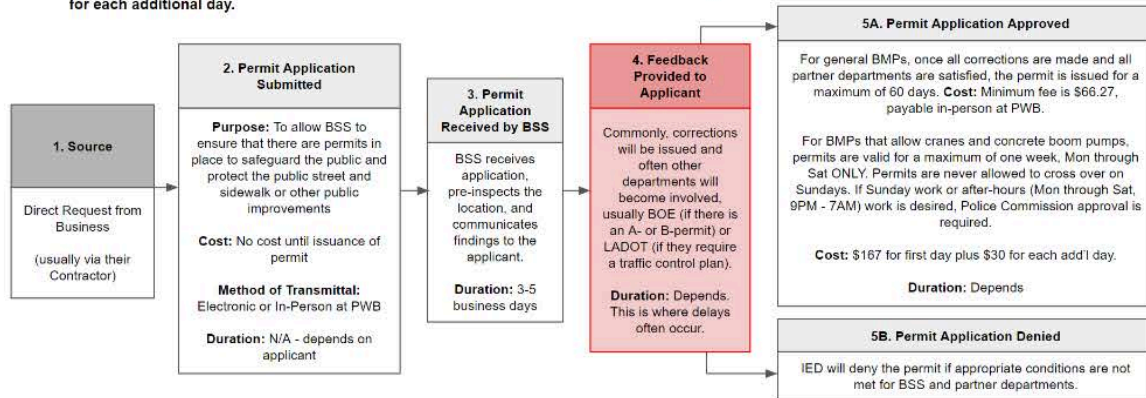
As the enforcement agency for the Department of Public Works, IED is tasked with ensuring that public rights-of-way are safe and accessible for all users. As such, IED acts as the permitting agency for sidewalk vendors (who also need certain permits from the State and County in order to legally operate within the City of Los Angeles). IED also issues permits for the following construction-related activities or items within the public rights-of-way:

- Building materials permits
- Entrance canopy permits
- Overload permits
- Import and export of earth materials permits
- Discharge of excess water on street permits

IED's involvement in the above processes usually begins when contacted directly by the permit applicant or construction contractor. Generally speaking, IED performs and completes its work within a matter of days, depending on: (a) the complexity of the issue; (b) the preparedness and responsiveness of the applicant; and (c) the responsiveness of other relevant departments or agencies who are also involved.



Department: **Bureau of Street Services (StreetsLA / BSS) - Investigation & Enforcement Division (IED)**  
 Procedural Roadmap: **Opening a New Business - Building Materials Permit (BMP)**  
 Duration of Full Process: **Depends – BSS can generally complete its work within 1-2 weeks**  
 Applicable to: ☒ **New Construction** ☒ **Tenant Improvements** ☒ **Change of Use** ☒ **Expansion of Existing Space**  
 Aggregated cost of associated Fees: **\$66.30 minimum fee. Additionally, cranes (which are subject to a BMP) are \$167 for the first day plus \$30 for each additional day.**

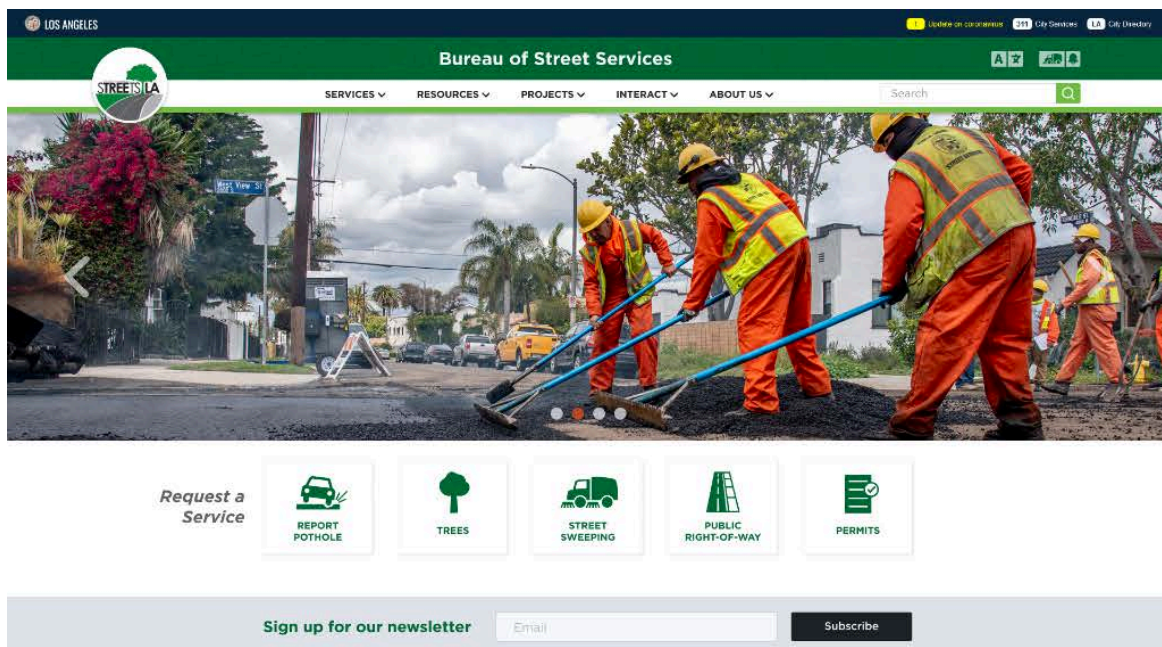


**NOTES:** Building Materials Permits are commonly used when construction projects on private property need to make use of public property (usually a sidewalk) in some way, including sidewalk canopies or protective fences. If an applicant has an existing A- or B-Permit from BOE, BSS will not charge them for a Building Materials Permit. This permit would also not apply to a construction trailer within the existing footprint of a project, only if additional public space is required.

## Improvements Made

### New StreetsLA Website

In alignment with the Mayor's ED4 and ED5 goals, StreetsLA is in the midst of a full revamp of the Bureau's website (<http://streetsla.lacity.org>), which is being redesigned to be more straightforward, streamlined, and customer-focused than the existing website. The new site will become available in Summer 2024.



A major emphasis of the new website will be a “Policies and Guidelines” page specifically devoted to providing information on certain Bureau processes, including permitting and, specifically, what applicants should come prepared with when applying for permits and clearances. Having a central “hub” for an array of technical and detailed information will allow StreetsLA to present information to stakeholders more clearly, succinctly, and proactively. Some of the information that will be displayed on the new website includes the following items (still being developed and subject to change):

#### **Sidewalk Vendors (IED)**

- Program Overview
- Rules and Regulations
- Compliance with the Americans with Disabilities Act (ADA)

#### **Building Construction (IED)**

- Glossary/Photos of Terms
- Building Materials and Equipment
- Canopies and Fences

#### **Special Events (IED)**

- Program Overview
- Special Events Portal

#### **Trees and Landscaping (UFD) General Overview**

- The Los Angeles Urban Forest
- Managing a Sustainable Urban Forest
- Historic-Cultural Monument Locations
- Designing Around Trees

#### **Tree Regulations and Responsibilities**

- Right-of-Way Landscaping
- When Street Trees Cause Damage
- Trees and Sidewalk Accessibility
- Trees and Residential Sewer Lines
- Root Pruning Do's & Don'ts
- Tree Pruning Do's & Don'ts
- Tree Planting Policies, Do's & Don'ts
- Watering your Newly Planted Tree

#### **Tree Removal**

- Recycling Horticultural Green Waste
- Requesting a Tree Removal Permit

#### **Tree Species Guidance**

- California Pepper Trees
- Palm Trees
- Oak Trees
- Ivy & Climbing Vines
- Tree Inventory System

StreetsLA believes that proactively making this information available will make its overall permit processes more efficient and should reduce or eliminate the lengthy, costly “back and forth” that sometimes ensues when applicants approach the Bureau in pursuit of a permit. StreetsLA also plans to use this “central hub” of policies and guidelines as a resource for other departments, Council offices, etc., which the Bureau believes will reduce the likelihood that (a) other agencies don’t understand StreetsLA’s processes and (b) applicants come to the Bureau with either incomplete information and/or misunderstanding the permit process.

## **OpenGov Permit Portal/Page**

StreetsLA recognizes the need to make its permitting process more transparent and efficient. As such, the Bureau has retained a consultant to modernize StreetsLA's online permitting portal, which is currently many years old. The new portal will be integrated into the BuildLA platform and will also be added to the new StreetsLA website, which is expected to go live in mid-2024.

The new permitting portal is currently being configured and is anticipated to be available for public use in early 2025.

## **External Relations Team**

In recent years, StreetsLA began building out an External Relations Team (ERT) to act as the Bureau's liaison with elected offices, partner agencies, and community members. As of early 2024, the ERT is now fully staffed and has played an active role in the development of ED4, ED5, and other Bureau priorities, including legislative affairs, communications, and partnerships with other City departments. In the coming months and years, the StreetsLA ERT will play an integral role in ensuring ED4 and ED5 are fully and appropriately implemented by the Bureau. The ERT will become fully operational in Winter 2024.

## **Additional Sidewalk Vending Permit Counter**

In partnership with the Mayor, Board of Public Works, and Council District 6, this past spring StreetsLA opened a new sidewalk vending permit counter in the San Fernando Valley. The counter is open two days a week and is located in the Marvin Braude Constituent Service Center in Van Nuys.

The intent of this additional permit counter is to make it easier and more convenient for sidewalk vendors to obtain StreetsLA permits, and local stakeholders have applauded this new resource. The Bureau hopes to keep this counter open in perpetuity. That being said, with major cuts coming to the Bureau's personnel and programming, a lack of staffing may necessitate changes to the availability of this and other services. StreetsLA will work with the Mayor, Council, and Board of Public Works to address any future challenges.

## **Barriers Identified**

### **Staffing Challenges**

Like other departments, StreetsLA—and UFD and IED in particular—are experiencing staffing challenges when it comes to processing permits related to ED1, ED4, and ED7, even though the Bureau played an active role in the implementation of these directives.

UFD only has six employees with the ability to process permits related to ED1 and ED7:

- 1 Street Tree Superintendent I

- 1 Management Analyst
- 1 Tree Surgeon Supervisor II
- 3 Tree Surgeon Supervisor I

UFD has had to reallocate positions from Operations to assist budgeted positions for Pre-Development and Permit Review to meet demands of various Executive Directives. Currently, the above six staff are assisting with this workload.

IED has 23 employees processing three types of permits related to ED1, ED4, and ED7:

- Building Materials Permits: 16 Street Services Investigators, even though the Bureau has 24 Maintenance Districts
- Haul Route Permits: 1 Senior Administrative Clerk and 4 Senior Street Services Investigator IIs
- Overload Permits: 1 Senior Street Services Investigator II and 1 Administrative Clerk

Additionally, these employees are responsible for processing other types of permits as well as their regular operations and assisting with storm response. StreetsLA's staffing challenges are expected to become even more profound in the coming 2024–25 fiscal year, as the Bureau faces funding reductions.

Even with these circumstances, StreetsLA is committed to doing its best to ensure permits are processed in a timely fashion. The new website, with its clearly articulated set of Bureau policies and guidelines, will be designed to provide information on the “front end” of StreetsLA processes (permitting, invoice payment, etc.) with the goal of achieving more streamlined and efficient timelines.

### **“Back and Forth” with City Departments**

StreetsLA often finds itself navigating through conflicting directives from different departments, leading to occasional bottlenecks in project progress. A prime example is ensuring compliance with the City's Protected Tree Ordinance, a crucial aspect of BSS's commitment to sustainability. Recently, a non-ED1 project received approval from the Department of City Planning (DCP) and completed its California Environmental Quality Act (CEQA) requirements. However, years later, when the project reached StreetsLA, significant changes involving protected tree and shrub species emerged, necessitating new CEQA assessments for the entire development. While the City Attorney advises updating CEQA, the Bureau lacks the expertise in land development to execute this without DCP's involvement. Thus, the department finds itself caught in the middle, awaiting guidance from various departments to move forward.

StreetsLA believes that its new website will help make processes, including the one listed above, clearer and more transparent, and thus easier for all stakeholders, including



departments, to follow. This is also an area where the Bureau recommends refinements to older tree-related City policies.



### **“Back and Forth” with Permit Applicants**

Often, when applying for a StreetsLA permit, an applicant will only provide incomplete or inaccurate materials. This can result in potentially lengthy delays as the Bureau’s limited permitting staff must go back and forth with the applicant, sometimes for days or weeks at a time, in search of the complete information needed to process and grant the permit.

StreetsLA is committed to making the overall permitting process more efficient. With the new website clearly articulating the Bureau’s policies and guidelines, StreetsLA expects permitting to occur in a faster, more streamlined timeframe. Additionally, the Bureau expects the new OpenGov portal to provide efficiencies and clarity for both the applicant as and the StreetsLA staff assigned to track and issue each permit.

## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF CONTRACT ADMINISTRATION**

### **Permitting and Inspections**

Since November 1, 2023, the Bureau of Contract Administration (BCA) has been offering a **virtual counter for Project Assistance Meetings (PAM)** to better assist BCA clients with questions or concerns regarding their Public Works Permit or City-Awarded Project.

BCA's counter provides virtual appointments with an inspector who will discuss with the client the requirements of the Permit, where to find Standard Plans for the permit work, points of construction milestones, and how and when to schedule an inspection request for field inspection of the work. PAM appointments are available from 8 a.m. - 9 a.m. Monday thru Thursday.

- PAM Appointments since launch: 20 total
- New Web Page views since launch: 282 total

BCA provides Inspection Services for A, S, E, U and B Public Works Permits and City Awarded Projects. Clients who need to schedule an inspection request can do so by calling BCA's dispatch phone line (213-485-5080) or through the department's online appointment system at: <https://bcainspection.lacity.org/bcaapp/home>

After scheduling an inspection request, a BCA field inspector will be at the jobsite:

- within 3 days for A, S, E, U and B permits
- within 1 day for a Final Inspection of an A, S, E or U permit



### **Certification**

Earlier this year, the Mayor signed Ordinance 188111, which sets the framework for a local business preference for businesses specifically within the City of Los Angeles. It provides up to 12% of preference for City-based businesses (vs. 10% in the County) who bid on contracts over \$150,000. The Bureau of Contract Administration (BCA) has updated the Rules and Procedures to begin implementation of this new bid preference in the City. Over the past year, the BCA has been working to bring on board and train dedicated Certification staff

who are working to reduce the backlog of MBE/WBE certification applications while continuing to process incoming Local Business Preference Program and other certification applications.



In addition to reviewing and processing applications, the BCA has been exploring ways to enhance opportunities for small, local, and diverse businesses. To that end, BCA has begun meeting with other agencies to discuss potential partnerships and reciprocity agreements that could increase the number of W/MBE businesses in RAMPLA. In the coming weeks, BCA will also be re-launching the Certification information page on our website to help businesses more easily navigate the Certification process and requirements.

## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF SANITATION & ENVIRONMENT**

The Los Angeles Bureau of Sanitation & Environment (LASAN) is involved in the Plan Check and Permitting Process, as well as the Certificate of Occupancy (C of O) Clearance process for Land Development Projects within the City of Los Angeles. LASAN oversees the Low Impact Development (LID) Clearance processed by the Watershed Protection Division (WPD), the Food Service Establishment (FSE) Clearance processed by the Industrial Waste Management Division (IWMD), and the Sewer Capacity Availability Review (SCAR) processed by Wastewater Engineering Services Division (WESD).

### **Background**

LID is a leading stormwater management strategy that seeks to mitigate the impacts of runoff and stormwater pollution as close to its source as possible. The City of Los Angeles' LID Ordinance went into effect in May 2012 to support this effort. Infiltration, Capture & Reuse, and Biofiltration are the primary stormwater mitigation measures proposed. LID is required during both the Plan Check and Permitting Process, as well as the C of O Clearance process. Upon receiving the LID Clearance, applicants can proceed to obtain the Roof and/or Site Drainage to Street Clearance from the Bureau of Engineering (BOE). This process is done in series during the Plan Check and Permitting Process to ensure that the proposed overflow from the approved stormwater mitigation system drains out to the street properly, in accordance with BOE and Los Angeles Department of Building and Safety (LADBS) standards. This process can be done in parallel with the C of O Clearance process.

FSE requires a grease-interceptor as part of the sewer connection from food services activities. This clearance can be completed in parallel with any other clearance. Typically, this review takes 1-2 business days to complete, from first review to clearance issuance. This clearance is required during the Plan Check and Permitting Process, but not during the C of O Clearance process.

SCAR is part of the Building Permit Sewer Availability clearance process. This process is initiated with the BOE as part of the Sewer Permit (S-permit) application. If a SCAR is required, BOE initiates the application on behalf of the applicant. All correspondence regarding the SCAR request is done internally, between BOE and WESD. WESD determines if the existing conveyance system has the available sewer capacity to accept the anticipated wastewater flows from a potential property development. Each request is evaluated based on the projected wastewater flow and the current capacity of the pipe based on available flow gauging data or existing closed circuit television (CCTV) data. If sufficient capacity is not available, LASAN will work with the developer to determine alternative solutions. Where a SCAR is required, it is required during Plan Check and Permitting Process and during the C of O Clearance for the S-permit. The approved SCAR is valid for 180 days. In the event that connection to the sewer lateral is not completed within 180 days, a new SCAR will be



required to re-evaluate the sewer main line capacity. Upon review and approval of a SCAR, WESD will forward the approval to the LASAN Industrial Waste Management Division (IWMD) to determine if an Industrial Waste Permit (IWP) is required. If required, IWMD may request that the applicant establish pretreatment, establish a monitoring system, and submit a monitoring report.

### Existing and Proposed Services

Both LASAN Divisions that require direct interaction with applicants continue to offer multiple methods to submit and review applications, as detailed below. As part of ED4, in addition to previously existing services, IWMD began implementation of the Virtual Counter in September 2023. Additionally, as part of ED4, WPD and IWMD staff will be implementing the Customer Service Request (CSR) by the end of May 2024.

LASAN Services for LID and FSE		
Service	Low Impact Development	Food Service Establishment
Division	Watershed Protection	Industrial Waste Management
General Phone Line	(213) 482-7066	(323) 342-6200
General Email	san.swplancheck@lacity.org	san.IWMD@lacity.org
Website	lacitysan.org/lid	lacitysan.org/industrialwaste
Pre-consultation	Yes	Yes
Webinars	In Progress	In Progress
Manuals	Yes	In Progress
In-Person Counter	Yes	Yes
Virtual Counter	Yes	Yes
Virtual Appointments	Yes	Yes
CSR	In Progress	In Progress

### Current LID Review Timelines and Challenges

For LID, all ED4 projects are considered Large-Scale Projects; a Procedural Roadmap for all Plan Check and Permitting, and C of O Clearance Review are provided as attachments. The current and anticipated review timelines are listed below.

Plan Check Review (weeks)	First Review Regular	First Review Expedited	Resubmittals
Current	6	4	2
Anticipated by End of July	5	3	2
Anticipated by End of September	4	2	2
Anticipated by End of October	4	2	1

C of O Review	First Review	Resubmittals
Current	2 Weeks	2 Week
Anticipated by End of June	1 Week	1 Week
Anticipated by End of July	Same Day	Same Day



For LID Plan Check and Permitting Process, it is critical for the review to occur concurrently with the LADBS review. In some cases, applicants submit to LID months after their submittal to LADBS. LID projects are subject to review and approval from various agencies inside and outside of the City of Los Angeles due to regulations pertaining to the safe use/reuse and infiltration of stormwater. This includes the Los Angeles County Department of Public Health (LACDPH). LACDPH review and approval are required prior to LID sign-off when a cistern is proposed as the stormwater mitigation measure. LACDPH review is required during both the Plan Check and Permitting Process and C of O Clearance. All other agencies/departments are only required during either the Plan Check and Permitting Process or C of O Clearances, not both, prior to LID sign-off. These agencies/departments include LADBS Grading, Upper Los Angeles River Area Watermaster (ULARA), and the Environmental Protection Agency (EPA).

Staffing shortages at the LID Counter have led to a significant backlog of projects that remain pending with LID. The LID Counter currently employs five full-time plan checking staff, down from 13 at the beginning of the year. The 8 departures include 7 consultant staff whose contract funding was exhausted at the end of May and 1 City Staff member who was promoted elsewhere within LASAN. These staff changes will result in a reduction in Virtual Counter operating hours and an increase in Virtual Appointments.

Fortunately, an amendment to the LID Ordinance was adopted by the Los Angeles City Council on February 9, 2024, and became effective on April 2, 2024. This revision to the LID Ordinance reduces the total number of projects subject to LID requirements, including some ED4 projects. This revised LID Ordinance affects projects that submit to LADBS on or after April 2, 2024. However, as projects take anywhere from 1 to 3+ months to submit to LID



after they submit to LADBS, the LID Counter is expected to continue to receive the same number of projects to process with significantly fewer staff. LID expects a reduction in project submittals beginning in May. This reduction will result in a decrease in review times for Large-Scale Plan Checks, including the majority of ED4 projects.

### **Current FSE Review Timelines and Challenges**

As the FSE Clearance is processed in 1-2 days from submittal, the main challenge faced is that applicants will at times provide incomplete submittals. Incomplete submittals include a lack of either the required plans or documents, a permit application, or a fee payment.

### **Current SCAR Review Timelines and Challenges**

During the Plan Check and Permitting Process, BOE can issue their Sewer Availability and Connection Clearance without LASAN review, provided all of the following are true:

1. Discharge less than 5,000 GPD
2. No Industrial Waste Permit required
3. No sewer ejector
4. No groundwater or stormwater discharge

If one of the above conditions are not met, BOE will collect a Sewer Capacity Availability Review Fee (SCARF) payment, if applicable, and send the SCAR to LASAN staff for evaluation prior to providing the building permit clearance. Once LASAN staff receive the SCAR application, the receiving city sewer system will be evaluated to determine if existing gauging data of the sewer lines is available to complete the review. If gauging is not fully available, a request will be sent to BOE's Survey Division to place a gauge in certain maintenance holes. Gauging is generally requested to be performed for 7 calendar days. These requests are completed by the BOE-Surveying Group and may take 28 days to complete.

As soon as the gauging data is provided (or if gauging is already available), SCAR staff will evaluate whether the conveyance system has available capacity to receive the potential sewage discharge. In general, this process takes 14 calendar days if sewer gauging data is available.

If it appears that capacity within the sewer system is not available, LASAN staff will contact the developer to discuss alternatives. There have been very few situations where the existing conveyance system could not accept the proposed sewage discharge. LASAN staff has been able to successfully find options for developers to connect to the sewer line when there is no available capacity. This is generally done by connecting to another available sewer main line in the vicinity of the site or by upsizing the existing sewer main line.

SCAR Review (Days)			
SCAR Required	Gauging Required	Gauging Available	Review Time
NO	NO	NO	0
YES-14 Days	NO	NO	14
YES-14 Days	YES	YES - 7	21
YES-14 Days	YES	NO - 14-28	28 - 42*

\*This review varies between [28-42] days, dependent on the BOE-Surveying Group to provide gauging data.

This clearance is generally one of the first to be provided during the Building Permit Plan Check and Permitting Process.



## Recommendations

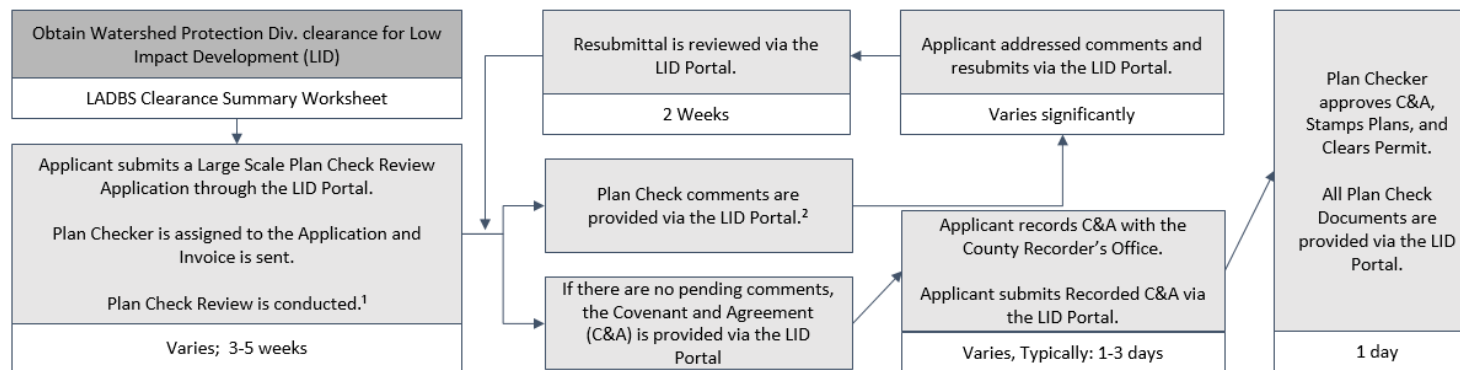
LASAN will continue to review and identify opportunities to reduce review times across all services, including those that are ED4 projects. As a potential method to help identify any issues, it would be ideal to be provided with a list of projects recognized as ED4, as has been done with ED1 and ED7 projects. This helped departments prioritize their reviews and understand the delays in reviews. Through this tracking, measurable metrics were obtained to determine the effectiveness of the directive. To date, ED4 projects have not been identified to track and help expedite the process, and they end up being reviewed under the same criteria that all other projects are.

**Executive Directive 4 Procedural Roadmap**  
Low Impact Development Large Scale Plan Check

Duration of Full Process: Varies, Average: 123 Days

Applicable to: ■ New Construction ■ Expansion of Existing Space

Plan Check Fees: Varies from \$824.00- \$1,545.00



1. Applicants may also drop off Hard Copy documents to the Sanitation Drop Off Bin located in the lobby of 201 N. Figueroa, although LID Portal is preferred. Invoice must be processed prior to the first plan check review. Invoice must be processed prior to first review.
2. Most plan checks go through 2-3 reviews.

## **FIRE DEPARTMENT**

The Los Angeles Fire Department (LAFD) oversees the approval and inspection of all Title 19 buildings, including new construction, additions, or alterations within the city's 473-square-mile boundary. This responsibility is executed through the plan check, permitting, and inspection processes. In alignment with the objectives of Executive Directive 4 (ED4) and to support small businesses in the City, the LAFD has recently expanded its online Help Desk, Virtual Counter, and Preliminary Review services, and actively contributes to the Al Fresco Dining Program.

### **LAFD Business Resources: Assisting Businesses Open or Expand**

#### **Online Help Desk**

The Fire Department's Help Desk offers immediate responses to all email inquiries, serving as a one-stop source for general questions, plan check code inquiries, and meeting scheduling. To ensure timely assistance, traffic volumes are monitored, and during peak demand periods, supervisors assign additional plan check engineers to address online questions concurrently. Responses are typically provided within one day, and a maximum of 24 hours, depending on when the applicant submits their inquiry.

*From 07/01/2023 to 06/07/2024, for LAFD's daily email review and daily FIMS screening, LAFD staff assisted approximately +10,000 customers.*

#### **Same Day Virtual Counter**

LAFD Same Day Virtual Counter queues are open daily, allowing customers to select time slots that best fit their busy schedules. Customers can choose appointments for the same day or schedule for future dates. During these sessions, applicants connect with the department's knowledgeable plan check engineers to discuss and consult on Fire Department-related questions.

*From 07/01/2023 to 06/07/2024, LAFD staff assisted (2+756+119=877) customers on its General Questions Queue.*

#### **Preliminary Review**

The Preliminary Review service provides architects, engineers, and developers with the opportunity to ask technical questions related to the Fire Code, Building Code, and verify compliance with city policies and ordinances. These meetings are designed to cut red tape and eliminate surprises as projects transition from concept to production drawings and design.

*From 07/01/2023 to 06/07/2024, LAFD staff assisted approximately 150 customers.*

#### **Al Fresco Dining Program**

To ensure a smooth transition to the permanent program for existing "Temporary" Al Fresco dining establishments created during the COVID-19 pandemic, the LAFD Public Assemblage (PA) Unit has been tasked with inspecting these facilities and providing guidance to maintain safe operations. This new, user-friendly approach emphasizes enforcement after establishments have begun operations. For new Al Fresco participants, the LAFD PA Unit will inspect these roadside establishments.

Since there are no current codified regulations for Al Fresco dining, the LAFD has conducted extensive research, examinations, field studies, and developed procedures to be included in the Al Fresco Manual. Due to the complex technical parameters involved, City Departments, including the Mayor's Office, have agreed that the LAFD PA Unit should perform inspections for these roadside dining establishments.

Given the high interest from restaurant operators and the City's provision of public space for commercial eateries, it is projected that the demand for Al Fresco inspections will quickly exceed the number of available Fire Department inspectors. It is important to note that the current number of PA Inspectors is insufficient to review and approve plans for large restaurants (excluding Al Fresco), nightclubs, trade shows, fireworks displays, pyrotechnics, conventions, exhibits, street fairs or festivals, special gatherings, changes of use, and live audience shows.

## **Staffing Challenges**

### **Number of Annual Public Assembly Permits and Inspections**

The Public Assembly Unit (PAU) currently has 2300 occupancies that are classified as Public Assemblies (restaurants, theaters, arenas, event spaces, etc). On top of the normal day-to-day operations of inspecting these occupancies, the inspectors work as Fire Safety Officers for 50 to 80 special events per week. The bulk of the PAU inspector's work goes into the planning process for these special events held throughout the city. This includes meeting with event coordinators, plot plan approval, onsite inspections and walkthroughs, and working the event itself to ensure that all fire and life safety measures are adhered to.

Permits are processed and approved on a daily basis by both the inspectors and administrative staff, which is currently done by one senior administrative clerk because PAU has an administrative clerk vacancy.



## DEPARTMENT OF CANNABIS REGULATION



The Los Angeles Department of Cannabis Regulation (DCR) has made significant strides in aligning with Executive Directive No. 4 (ED4) to foster an environment conducive to small business creation, development, and growth. Working diligently within the framework outlined by the directive and in collaboration with the members of the Los Angeles Business Steering Committee (LABSC), DCR has undertaken comprehensive evaluations, implemented targeted strategies, and initiated collaborative efforts to streamline processes and alleviate burdensome barriers. This report presents a summary of the Department's achievements, highlighting key initiatives undertaken by Working Group 1, which focused on facilitating business creation and expansion. Through innovative solutions and proactive measures, DCR aims to bolster the resilience and vitality of the local business landscape, thereby contributing to the economic prosperity of the City of Los Angeles.

### **Adopted Services and Procedures**

- ✓ **Virtual Counters:** DCR offers virtual counter services to applicants and licensees Monday through Thursday, 10:00 a.m. to 4:00 p.m., excluding all City holidays.
- ✓ **Pre-Consultation:** Each applicant and licensee is assigned an analyst for each record number, and this analyst guides them through the application and licensee process. Verified Social Equity Applicants may receive access to a one-on-one business coach who will provide licensing advice during the entire application process to social



equity applicants and licensees. Subject to the availability of funding, verified Social Equity Applicants may be referred to the Los Angeles County Bar Association (LACBA) to receive low-bono/pro-bono legal services.

- ✓ **Manuals:** Applicants may visit the DCR website to learn more about the application and licensing processes. DCR has created information bulletins that detail step-by-step instructions. Social equity applicants and licensees have access to the Learning Management System (LMS), which contains highly specialized information and manuals tailored for verified social equity applicants and licensees to open a business. The LMS currently has 165 hours of targeted social equity content available at this time.
- ✓ **Webinars:** DCR has been providing webinars to walk both social equity and non-social equity applicants through the pre-application, application, and licensing processes since its inception. So far, the DCR has conducted 55 webinars since 2017. Since the establishment of the Social Equity program, there have been 90 webinars offered exclusively to Social Equity Applicants and licensees.

## Addressing Barriers

### Expanding Payment Processing

DCR is working to implement an interface with the Office of Finance's LATAX system to enable faster payment processing and to allow applicants to remit payments online to enable faster payment processing and allow applicants to remit payments online.

#### Projected Timeline

- July 2023: Begin efforts on project specification document.
- December 2023: Complete project specification document.
- March 2024: Launch development efforts
- September 2024 (tentative): Project plan is still in development, but DCR's target is to complete the project before the end of 2024.

### Expanding Payment Processing

DCR is working to expand payment processing options to allow applicants to remit payments sooner. The department is accomplishing this by partnering with the Los Angeles Department of Building and Safety (LADBS) to enable in-person payments by applicants at the City's Development Services Centers, where LADBS conducts cashing operations. This includes:

- Downtown: 201 N Figueroa St. (Figueroa Plaza)
- Van Nuys: 6262 Van Nuys Blvd.
- West LA: 1828 Sawtelle Blvd.
- South LA: 8475 S Vermont Ave.
- San Pedro: 638 S Beacon St.

### Projected Timeline

- March 2024: Begin planning efforts with LADBS.
- May 2024 (estimate): Transfer payment to LADBS for programming efforts needed to complete the project.
- July 2024 (tentative): Complete the project.

### Implement a Mapping Solution

Implement a mapping solution maintained by the Department that can be updated frequently with current data, ensuring applicants are equipped with the most up-to-date information.

### Projected Timeline

- November 2023: Soft-launch of Google-based API

## Additional Barriers and Challenges

### Expand the Business Licensing and Compliance Assistance Program

DCR aims to expand the Business Licensing and Compliance (BLC) Assistance program for Social Equity applicants and licensees to receive guidance from industry experts.

**Action Plan:** Subject to the availability and allocation of funding, DCR's FY 2024–25 Action Plan consists of 3,760 hours of one-on-one coaching, the development of 35 additional LMS courses, 30 social equity webinars, 35 low-bono referrals, and three social equity focused events.

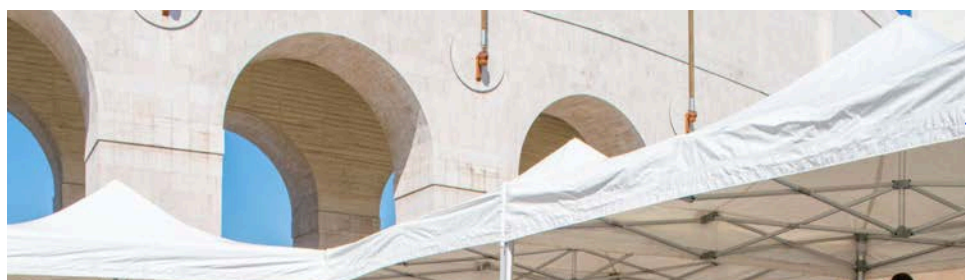
**Projected Timeline:** On-going; if funded, the Action Plan for FY 2024-25 consists of 3,760 hours of one-on-one coaching, the development of 35 additional LMS courses, 30 social equity webinars, 35 low-bono referrals, and three social equity focused events that would be rolled out on a rolling basis between July 1, 2024 and June 30, 2025.

### Conclusion

In conclusion, the efforts outlined in this report underscore DCR's commitment to fostering a business-friendly environment in the City of Los Angeles. By addressing identified barriers and implementing strategic enhancements, DCR remains committed to working with the Mayor's Office to pave the way for small business success and economic advancement. Looking ahead, the Department remains dedicated to ongoing collaboration, innovation, and responsiveness to the evolving needs of the business community, thereby ensuring sustained growth and prosperity for all stakeholders involved.

## ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT

The Economic and  
Workforce Development



Department (EWDD) promotes the meaningful inclusion of diverse small businesses and job seekers toward building a more equitable, resilient, and prosperous Los Angeles region. Through an extensive program portfolio, EWDD's Workforce Development Division (WDD) and Economic Development Division (EDD) provide direct services to jobseekers and small businesses throughout the City that result in the launch of new businesses, strong communities through place-based economic initiatives, improved resilience of existing businesses, the creation of jobs, and the development of a vibrant LA regional workforce.

In response to ED4, EWDD's Business Response Unit (BRU) within EDD has worked to identify opportunities for process improvements and service enhancements to better serve the City's small business community. This report covers ED4 progress made from July 1, 2023 through May 15, 2024.

### **Opening and Operating a Business**

In alignment with the focus of ED4 Working Group 1, EWDD made significant progress toward enhancing support for opening and operating businesses in the City of Los Angeles. The following is a selection of accomplishments that have advanced the goals of ED4's Working Group 1 for the 2023-2024 Program Year between July 1, 2023 through May 15, 2024:

### **Year-to-Date Highlights for the 2023-2024 Program Year**

- ✓ **Reached over 6,300 small businesses.** EWDD operates ten BusinessSource Centers (BSCs) citywide to provide direct business support and technical assistance to small businesses and microenterprises through its network of contracted community-based partners. Year-to-date, BSCs have conducted outreach to 6,398 small businesses and microenterprises and have provided over 2,700 services. Popular services requested by BSC clients include applying for permits and licenses, e-marketing guidance, and loan application assistance. BSCs have assisted 234 clients to launch new businesses since July 2023.
- ✓ **Facilitated over \$18.8 million in capital infusion to small businesses.** Small businesses face challenges accessing growth capital and often fail to secure business loans from traditional lenders on their own. BSCs help small businesses seeking capital to access free credit counseling services, prepare loan applications with experienced advisors, and identify community-based lenders. Since July 2023, BSCs have helped 265 small businesses package their loan applications, of which 114 were funded and obtained \$18,848,366 in capital infusion to support sustainability and growth.
- ✓ **Launched the Los Angeles Legacy Business Program to support small business resilience.** Designed to serve local small businesses in operation for over 20 years, this program aims to increase the visibility and resilience of the City's long standing legacy businesses through targeted technical assistance that addresses their unique

challenges, including rising costs, a widening digital divide, and a lack of competitiveness.

Services include access to financial resources, marketing support, and succession planning. The program is currently accepting applications.

- ✓ **Targeted emergency response to small businesses and workers.** In November 2023, the 110 Freeway fire caused major disruptions for small businesses in the immediate vicinity. In collaboration with City departments, Los Angeles County, U.S. Small Business Administration, Los Angeles Economic Development Corporation, and community-based organizations, EWDD deployed multiple rapid response resources and conducted door-to-door canvassing to assist impacted businesses. Through these efforts, 116 businesses were assessed, and 105 applications for Economic Injury Disaster Loan (EIDL) assistance were submitted.
- ✓ **Funded First Street North project to promote place-based economic resilience.** In partnership with the Los Angeles Housing Department and the Los Angeles Development Fund (LADF), EWDD broke ground on a new mixed-use development in Little Tokyo, which will include two towers with 248 units of affordable housing units as well as a combined 40,000 square feet of commercial space on the ground-floor of both buildings. Four ground floor commercial units are reserved for lease to legacy businesses under the Legacy Business Program to ensure the presence and sustainability of locally owned businesses, including the 118-year-old Fugetsu-do Bakery.
- ✓ **Helping LA's historic industries adapt to change.** According to a 2021 UCLA Luskin School report on the state of the garment industry, Los Angeles has the highest industry cluster concentration of garment manufacturers in the United States. Between 1980 and 2010, US apparel manufacturing jobs declined by 81.5%. In partnership with the Mayor's Office and Council District 1, EWDD has convened a taskforce consisting of representatives from the Department of City Planning, Community Investment for Families Department, LA Sanitation, the Garment Workers Center, LA Fashion District Business Improvement District, small business advocates, and other industry stakeholders to develop assistance programs to address garment industry challenges and devise strategies to retain and strengthen manufacturers in Los Angeles. The taskforce will present its transmittal report with recommendations for consideration to the Mayor's Office and City Council by August 2024.
- ✓ **Secured \$1.1 million in funding to launch Contract Ready LA.** Throughout the year, EWDD engaged in regular meetings with the Office of Procurement to promote interdepartmental knowledge exchange and collaboration around establishing an

inclusive procurement approach. These meetings were led by EDD and attended by the leadership of both departments. To further these efforts, EWDD was awarded \$1.1 million in American Rescue Plan Act (ARPA) funds to launch Contract Ready LA to connect more small businesses to contracting opportunities. This program is timely given several forthcoming major events, such as the World Cup and the Olympic & Paralympic Games.

- ✓ **Targeted services to the City's underserved regions through the JEDI Zones program.** The Jobs and Economic Development Incentives Program (JEDI) provides economic development incentives for underserved areas that experience persistent unemployment and underemployment, low and moderate household income earnings, and neighborhood instability. The success of this program has resulted in the addition of two new program sites this year. The department currently maintains nine JEDI Zones.
- ✓ **Launched a redesigned LAOptimized 2.0 program to close the digital divide for small businesses.** On May 15, 2024, in partnership with the Mayor's Office of Business Economic Development (MOBED), the LAOptimized 2.0 program was announced at the Los Angeles Regional Small Business Summit at Cal State LA. LAOptimized 2.0 provides technology-centered services such as website optimization, e-marketing strategy, and content creation for hard-hit small businesses in support of their ongoing economic recovery efforts. The application process will open by August 31, 2024.
- ✓ **Conducted three Small Business Summits.** In partnership with the Mayor's Office and the Los Angeles County Department of Economic Opportunity, EWDD helped coordinate three Los Angeles Regional Small Business Summits, each featuring 30 exhibitors and 1,500 attendees. The Summits were designed to be a "one-stop shop" for small businesses to connect directly with top business resources, services, and programs.
- ✓ **Engaged the Los Angeles Small Business Commission.** EWDD has convened five meetings of the Small Business Commission to facilitate dialogue and gather insights directly from small business leaders to inform the work of the ED4 Task Force as well as EWDD's existing small business programs.
- ✓ **Launched LAprenuer to help aspiring, new, and existing entrepreneurs.** LAprenuer is a new collaborative partnership that streamlines entrepreneurship education and resources, providing aspiring and existing business owners with tools designed to build the foundation they need to start, grow, and succeed. LAprenuer offers online learning modules, virtual workshops, entrepreneurship mindset training, one-on-one business assistance, and in-person networking events.





## Barriers identified, addressed, or being addressed

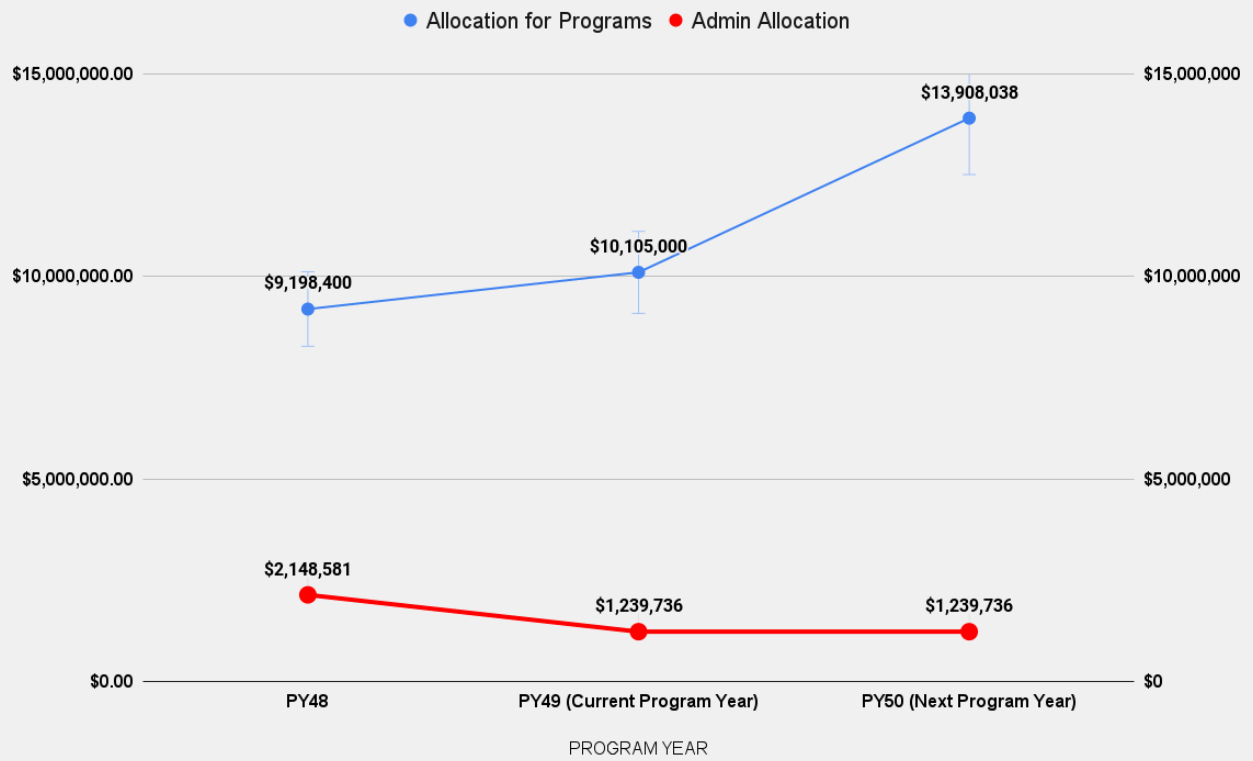
### Funding

There have been three consecutive years of cuts to EWDD's CDBG administrative cost allocation. In program year (PY48), EWDD's administrative cost allocation represented 23.3% of total program dollar allocation, compared to 12.2% in PY49. The department anticipates a further decrease to 8.5% in the upcoming PY50. These reductions impact the department's capacity to perform monitoring and oversight for its small business support programs, including the timely processing of invoices to contractors who are also small businesses.

The table below depicts the decline in administrative cost allocations compared to growing program funds, which translates to increased program delivery obligations with fewer administrative resources. EWDD continues to advocate and collaborate with the Community Investment for Families Department (CIFD) for additional program and administrative allocations to continue to bolster its programs and initiatives in PY 50 and beyond.



### EWDD - CDBG Funds Allocation for Programs vs. Admin Allocation



## WORKING GROUP 2: DEPARTMENT STRATEGIC ACTION PLANS

### EXPEDITING INVOICE PAYMENTS

#### CHIEF ADMINISTRATOR'S OFFICE | OFFICE OF PROCUREMENT

The Office of the City Administrative Officer's Office of Procurement (OOP) participates in Executive Directive 4 (ED4) Los Angeles Business Steering Committee (LABSC). OOP's efforts have been focused on providing resources and training to City staff and vendors looking to expand their business through the City's procurement process. In addition, OOP has been working towards a technological solution to improve the City's procurement workflow and a pilot program on a centralized invoice management platform to improve both the process and timeline for contract execution and invoice payment for vendors with contracts to do business with the City.

The following provides an update on this Office's efforts that are in line with ED4 instructions to reduce barriers to small business growth within the City.

#### **Expanding Businesses Through Governmental Procurement**

The City of Los Angeles spends approximately \$4.5 billion on various goods and services annually, and governmental procurement can play a large part in the expansion and growth of a business. OOP provides support through conducting training and developing resources in various formats to help educate and reach stakeholders in the City's procurement process.

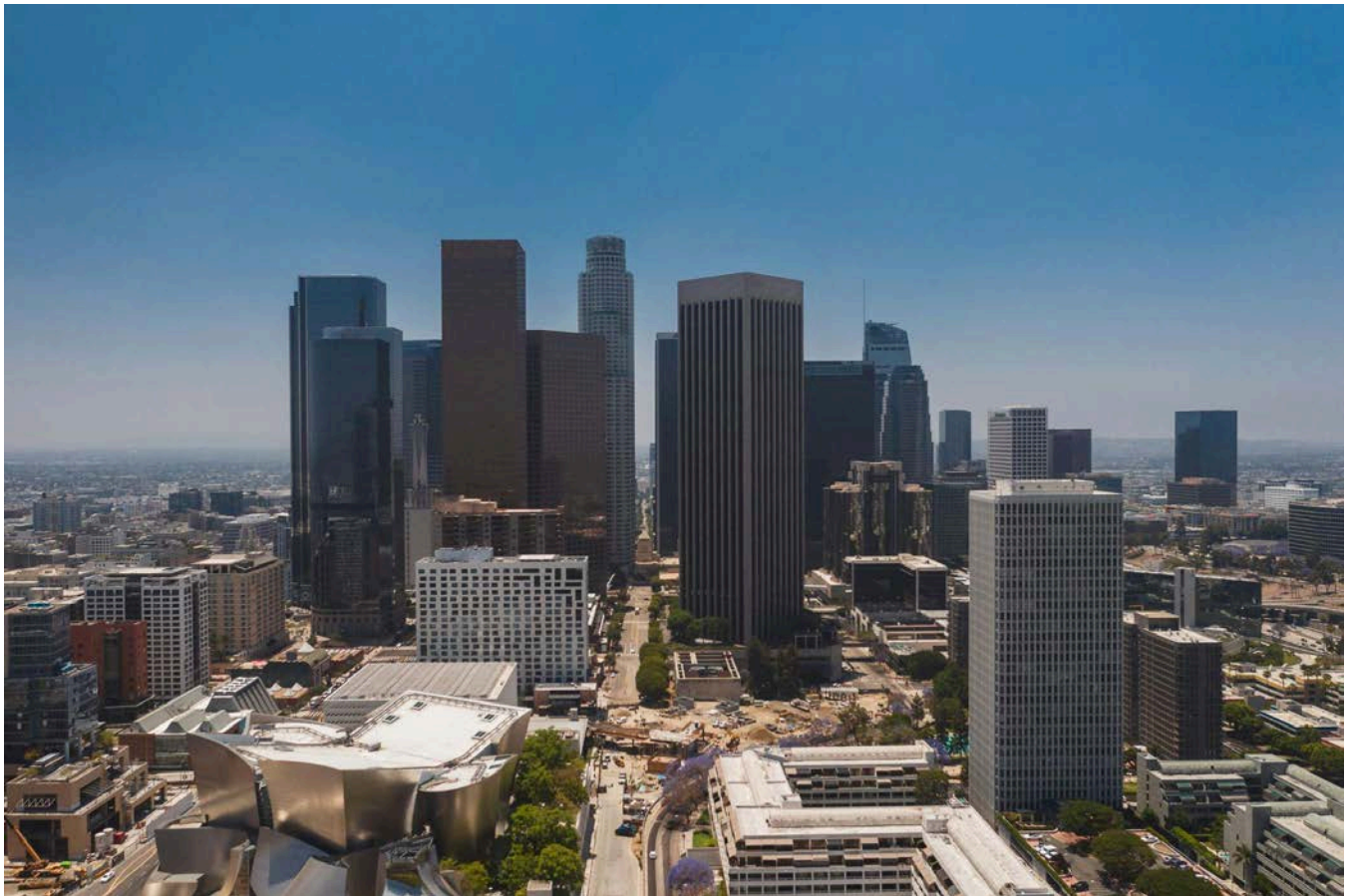
Without adequate support and training, City departments can add to the difficulties and inefficiencies within the procurement process and pass along unnecessary frustration and confusion to businesses looking to contract with the City. The table below summarizes how OOP is providing assistance to City departments and businesses.

Departmental Support	Vendor Support
<ul style="list-style-type: none"><li>✓ CPO team email</li><li>✓ ServiceNow (SNow) staff support</li><li>✓ Updated procurement manuals, guides, and templates</li><li>✓ Citywide Procurement Training (launching 2025)</li></ul>	<ul style="list-style-type: none"><li>✓ ServiceNow (SNow) vendor support</li><li>✓ Monthly RAMP registration webinars</li><li>✓ Small business webinar series (five sessions)</li><li>✓ RAMP support manuals and guides</li><li>✓ Vendor contract compliance guidebook</li><li>✓ Social media: LinkedIn, Youtube</li></ul>

## Department Support

Staff responds to procurement-related questions through the CPO team email and RAMP-related questions on the SNow platform. Having a centralized source of information helps City procurement staff receive consistent and up-to-date information. In addition, this service is conducive to having a more uniform procurement experience for vendors. It also allows for just-in-time support to be provided to smaller departments that would otherwise not have the organizational structure to have multiple in-house staff members with procurement experience. OOP provides guidance to departments in the development of procurement solicitation documents, determination on how to address issues that arise during the bidding process, assistance through the executive review process, and resolution of issues that may arise.

OOP has created various departmental resources to assist City employees in the procurement process. By creating an intranet website that hosts various procurement manuals, forms, templates, and recordings, OOP makes information accessible to the City's contracting staff, further reducing confusion in the procurement process. OOP also conducts training and invites subject-matter experts to provide refresher training on various topics of interest to procurement staff. On an annual basis, the CPO intranet page sees about 1,300 unique City employees and over 15,000 page hits.



## **Vendor Support**

OOP also develops various manuals and webinars specific to guiding vendors who provide professional services to the City. These resources address various aspects of the procurement process, ranging from RAMP registration to social media outreach to sharing resources with the business community about upcoming events and solicitations.

## **Improving Processes And Timelines**

### **End-to-End Procurement System**

Currently, many of the technological barriers for the business community interested in doing business with the City are being addressed through the End-to-End Procurement System, which is in development in collaboration with ITA. The first iteration of the End-to-End Procurement System is anticipated to be launched in the fourth quarter of 2024. It was intended to establish an organized procurement workflow for both City staff and vendors. If utilized by all City departments, the platform may also provide robust procurement data, enabling the City to make data-driven policies and resources that forecast the City's procurement needs, which provides advance notice to small businesses looking to contract with the City.

### **Centralized Invoice Management Platform**

OOP, in collaboration with the Board of Public Works, was recommended to receive \$400,000 in funds from the Innovation Performance Commission (CF 24-0270) for the development of a pilot Centralized Invoice Management Platform to establish a platform to organize, centralize, and track payment-related information and documents to provide transparency and accountability in the payment process. This pilot invoice management system will initially use the Board of Public Works and its bureaus as its test case, with the intention of building out the system for Citywide use. The Board of Public Works is an ideal pilot candidate as they have a centralized accounting team that serves five other bureaus, providing an invoicing network of sufficient complexity and payments that involve both construction and personal services contracts.

## **DEPARTMENT OF BUILDING AND SAFETY**

### **Summary of Department's Report with Highlights**

LADBS is committed to productive and ongoing partnerships with its various vendors for goods and services that are needed to fulfill its mission. Part of that effort includes proper staffing and streamlining processes in order to simplify businesses' engagement with the Department, particularly as it relates to payment processing for vendor invoicing.

One of the efforts LADBS has taken is to prioritize hiring, among its many vacancies, for administrative positions that support contracting and payment operations. With this change alone, invoice processing has improved significantly since August 2023, when vacancies were at a high point. At that time, the proportion of invoices taking over 25 days to submit for payment processing was 25%. Since February 2024 to date, that number has declined to zero. To note, this only encompasses vendor transactions for which LADBS has active contracts, such as consultant services. The Department does not actively track City Purchase Order (PO) transactions for goods and services, or the full scope of contracted services for that matter, in the same manner.

In light of this, LADBS is moving toward a more centralized tracking system for invoice processing that would encompass all transactions through a single portal model for improved performance, quality assurance, customer experience, and transparency. Doing so would further enhance DBS's processing performance for invoice payments, particularly when mitigating factors such as staff turnover come into play and the added value of optimized processing protocols is most needed.

### **Adopted services and procedures to help expedite payments.**

- ✓ [Invoice Submission Tutorial Video Recording or Pre-submission Consultation](#)  
LADBS currently works with vendors on a hands-on basis, when needed, to go over payment processes or discuss any discrepancies or missing documents on invoices. Since the Department is in the process of updating and modernizing payment procedures, including the introduction of a web-based portal for invoice processing, DBS considered it prudent to defer a more formalized video presentation until after process improvements have been completed and implemented.
- ✓ [Cover Sheet with document checklist](#)  
A document checklist has been developed to assist vendors through the payment process. The checklist will be made available to vendors during any invoicing training and Q&A efforts, as well as throughout the payment process.
- ✓ [Invoice Template or Sample](#)  
LADBS has sample invoices available to assist vendors in complying with Departmental minimum information requirements for invoice preparation.
- ✓ [One point of entry for invoice submissions](#)



LADBS currently receives invoices for most contracted services through a centralized email at [ladbs.asd@lacity.org](mailto:ladbs.asd@lacity.org), which are then manually entered and monitored through a Smartsheets application. Exceptions include invoices for fencing, barricading, and debris removal contractors, which are received and processed directly by the Financial Services Division due to the potential of lien-enabled cost recovery associated with this contract work. Other exceptions include invoices for services and products solicited via City Purchase Order (PO) which are processed directly by administrative and accounting staff.

It is DBS's intent to centralize all invoice activity through the development of an online portal that will allow vendors to electronically submit invoices and track their status throughout the payment process. This approach will maximize processing efficiencies, establish a uniform process for invoice payment throughout, and enhance tracking and transparency. A pilot application is currently in development through LADBS in-house resources. The portal would be accessible through LADBS' website, utilizing the City's Angelino Account system to authenticate users. The system will utilize conventional platforms, including Oracle for the database framework and Mongo for storage.

✓ Commitment to a specific timeline for review

LADBS is committed to processing invoices for payment within 30 days, or as little as 21 days under the best scenarios (invoices complete, adequate staffing levels, no funding issues, etc.). This includes project management and contracting unit review of approximately 14 to 21 days, and an additional seven days for accounting processing.

✓ Clear designation of responsibilities

The roles between project management review, contracting unit review, and financial services processing are clearly delineated. The contracting unit review, in particular, is where the bulk of invoicing validation is performed to corroborate services performed under contractual guidelines and payment terms. Staff have desk manuals and work flow charts in place to provide clarity on roles and ensure processing moves forward in a timely manner. Additionally, effective this month, Purchasing administrative staff will be realigned from the Budget to Contracts divisions to consolidate invoice approval and validation processes under a single division, for operational efficiency.

✓ Enhanced Training

Contracting and financial services staff receive regular training from seasoned staff personnel for specific roles in their positions and units, which occurs mainly in new hire and staff turnover situations. Ongoing training for use of the City's Financial Management System (FMS) and in-house payment and tracking systems is available at scheduled or as-needed intervals.

## **Additional Improvements Made**

Adopting technology for electronic payments with the introduction of Universal Cashiering in January 2020 was a significant improvement for customer convenience by significantly reducing wait times associated with check payments via US mail. There were corresponding processing efficiencies realized from reduced paper check handling.

### **Barriers Identified**

A significant factor in payment delays is the incomplete submission of invoice packages by vendors. This may range from missing backup documentation supporting work completed to non-compliance with a City standard provision such as expired insurance.

Implementation of a vendor payment checklist as described above will help alleviate such delays by reiterating contract payment requirements at the front end of transactions.

Chronic vacancies among administrative and financial services staff, particularly among accountants, continue to put timely and consistent payment processing at risk. Staff turnover can undermine processing efficiency and quality assurance, which results in a constant need for the backfilling of positions and training.

Pending contract renewals are another significant barrier that heightens the risk of service interruption from expiring contracts. The contract renewal process is often over six months, particularly where a lengthy review process and/or Council approval are involved. The Department attempts to compensate by initiating a new solicitation process well in advance of contract expiration, but mitigating factors ranging from staffing priorities to the lack of respondents to a solicitation may come into play.

## **DEPARTMENT OF CITY PLANNING**

### **Invoicing Timeframes for Department Contracts**

City Planning maintains over 100 contracts to provide professional services for transportation, environmental studies, economic analysis, historic resources, urban design, and more in the effort to implement plans, policies, and programs that support strategic goals. Improving the payment processing activity generated by these contracts between City Planning and the businesses that join in the City's economic endeavors to improve the lives of Angelenos is an essential ongoing concern.

City Planning has historically been timely in the processing and payment of contractor invoices and has maintained a long-standing practice of ensuring that invoices are approved by project managers within 14 calendar days upon receipt of a complete and valid invoice and acceptable deliverables. This 14-day turnaround time for project manager approval has been critical in ensuring that the department's invoices are processed well in advance of the 60-day deadline outlined in the majority of City Planning's contracts. On average, it takes City Planning 18 days to process an invoice and submit it to the Controller's office for final check/payment issuance. (FIGURE 4)

The most common issues and barriers that City Planning experiences that can delay invoice payment result from:

- Improper invoicing by the consultant;
- Issues with the deliverable(s) or tasks that require additional communication between the project manager and the consultant;
- Delay in response from the consultant when contract compliance documents lapse; and
- The amount of time necessary to obtain approval to execute and amend contracts.

Invoicing checklists and the addition of a more detailed training video on proper invoicing have been useful tools in response to invoice approval delays caused by improper invoicing. However, the amount of time needed for project managers' invoice approval when there are more complex issues related to the quality of the work performed can still occasionally be an issue.

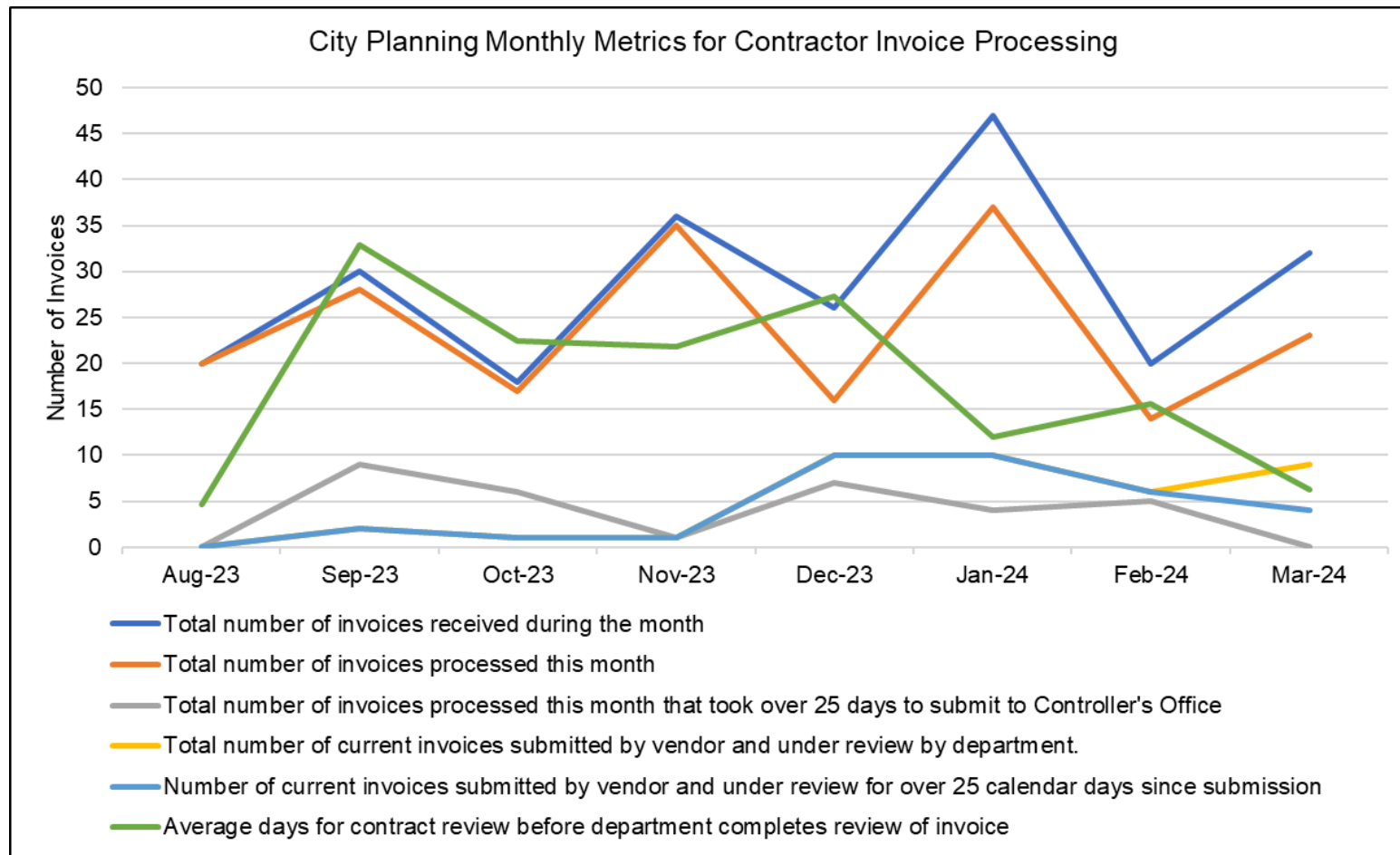
City Planning expects that the newly implemented contract administration office hours will provide additional opportunities for project managers to regularly seek advice from contract administrators on how to navigate and resolve contract issues more regularly before they escalate to the point of delinquency.

Though there are barriers to expediting contract invoice payments that are outside of City Planning's direct control, such as delayed responses from the consultant when compliance

documents need updating or the length of the contract approval process, City Planning is committed to providing necessary information to the consultants as well as the departments and approving authorities who are part of the contract approval and execution process. In order to prevent future payment delays, City Planning shares upcoming contractual service needs as early as practicable with departments and offices involved in the procurement review process. This allows them to anticipate procurement workloads and address concerns prior to final approval. City Planning is also proactive in following up with the businesses it contracts with to inform them when contract compliance documents that will prevent payment have expired. Collectively, City Planning's pre-existing invoice tracking and contract review processes, have laid the groundwork for continued improvements, and well positioning the department to meet ED4 objectives by continuing to work collaboratively with DCP's business partners and City family.



**FIGURE 4 - Contractor Invoice Processing Time**





## Reducing Contract Invoicing Timeframes

Key improvements in City Planning's invoicing process have included the following:

- ✓ An organized administrative structure where each contract or contract bench list is assigned to an analyst who serves as a budget analyst and contract administrator for the project and its invoices. The analyst is responsible for working with project managers who review and approve invoices with City Planning's Fiscal Management Unit (FMU) to ensure that all requirements of payment, fund availability, and contract compliance are met;
- ✓ Coordination between analysts and project managers during contract scoping to ensure that deliverables are structured in a way that will not complicate payment;
- ✓ Reduced the invoice review period for project managers to 10 days;
- ✓ Alerts to project managers about approaching contract expirations and compliance concerns;
- ✓ Monthly office hours are held by the Planning Contract Administration where project managers can discuss anticipated contractual service issues. These office hours are in addition to existing meetings between the contract's assigned analyst and project manager(s) and will increase opportunities to anticipate complications that may delay future invoice payments;
- ✓ A group email where all contract invoices are submitted to easily identify what has been submitted to avoid delays due to staff vacations or other absences;
- ✓ An invoice checklist created by FMU staff with input from City Planning Contract Administration to ensure that all elements of a proper invoice are present;
- ✓ Invoicing meetings with contractors and City Planning project managers to establish invoice formatting and submission protocols;
- ✓ The creation of an invoice tracking database that serves as a central repository for invoice and contract activity and serves as a vital budget management tool; and
- ✓ Creation of an invoice training video for consultants.

## Ongoing and Future Initiatives

### Reduced Contract Invoicing Timeframes

City Planning has continued to build upon its existing contract invoice review and payment processes with the goal of reducing the average monthly percentage of invoices processed that take over 25 calendar days for review to below 10% before the end of the 24/25 Fiscal Year. Between August 2023 and March 2024, invoices that exceeded the 25-day review period prior to submission to the Controller ranged between 0% and 33%, averaging 15.8%. (FIGURE 7)

**FIGURE 7 - Invoice Processing Volumes and Timeframes by Month**

	<b>Aug-23</b>	<b>Sep-23</b>	<b>Oct-23</b>	<b>Nov-23</b>	<b>Dec-23</b>	<b>Jan-24</b>	<b>Feb-24</b>	<b>Mar-24</b>
Total number of invoices received during the month	20	30	18	36	26	47	20	32
Total number of invoices processed this month	20	28	17	35	16	37	14	23
Total number of invoices processed this month that took over 25 days to submit to Controller's Office	0 (0%)	9 (32%)	6 (35%)	1 (2.8%)	7 (43.8%)	4 (8.5%)	5 (25%)	0 (0%)
Total number of current invoices submitted by vendor and under review by department.	0	2	1	1	10	10	6	9
Number of current invoices submitted by vendor and under review for over 25 calendar days since submission	0	2	1	1	10	10	6	4
Average days for contract review before department completes review of invoice	4.65	32.95	22.47	21.75	27.273	11.92	15.57	6.3043

## **DEPARTMENT OF WATER AND POWER**

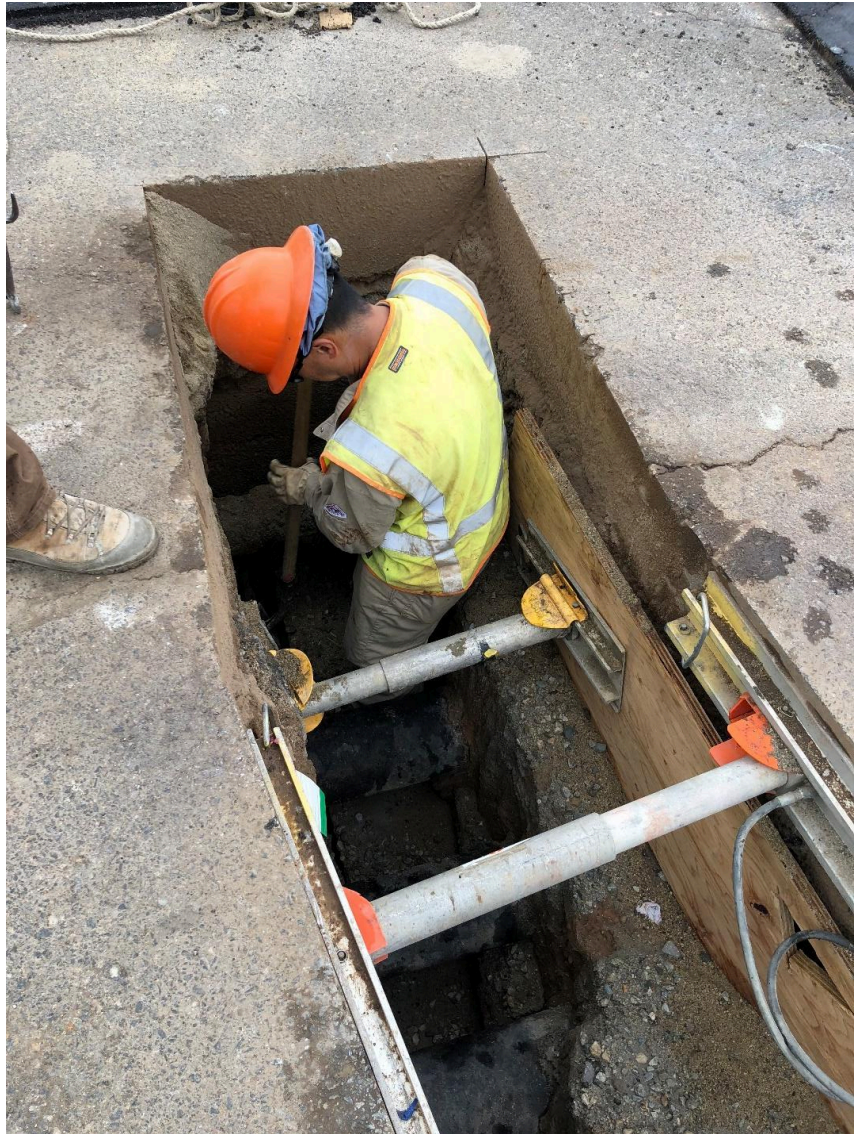
The primary goals and objectives of the Accounts Payable (AP) department are to pay vendors timely and accurately, capture all discounts when available, and properly record transactions for Financial Reporting, the budgetary reporting, and decision-making by management.

All purchases or payments are associated with a 'Proper Purchase Authority', which comes in the form of either a contract, legal agreement, purchase order, or board resolution. Vendors or other authorized parties will submit an invoice to Accounts Payable for payment, with most of the invoices being associated with a Purchase Order (PO) or "contract."

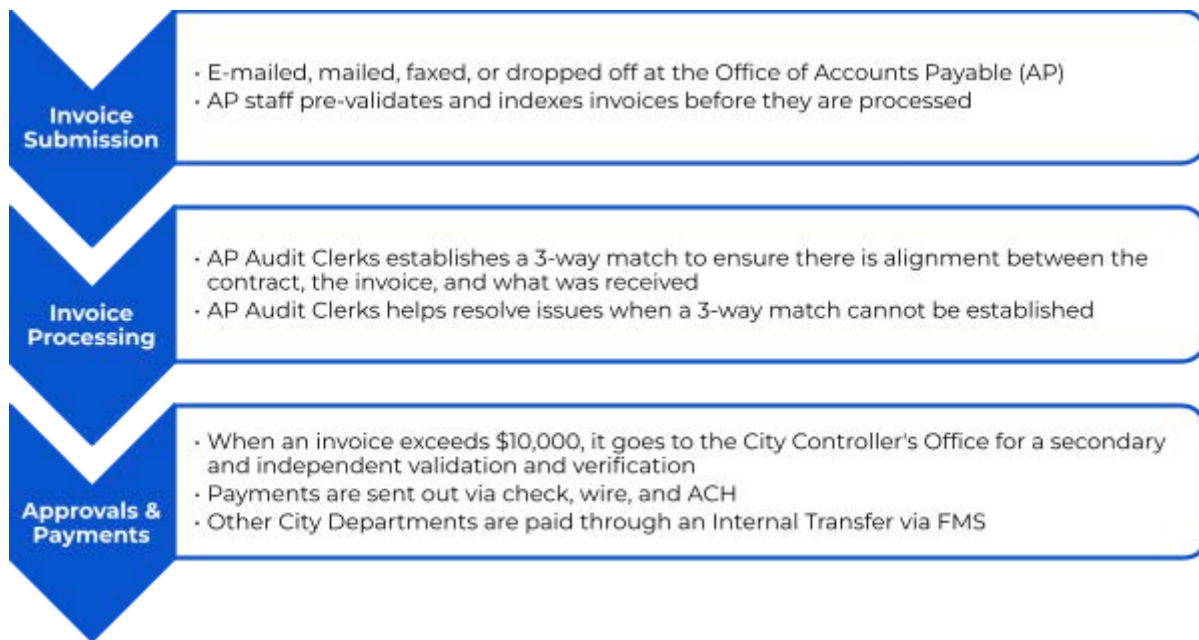
As part of the procurement process, a need for a good or service is identified, a contract agreement is reached with a vendor to provide that good or service, and a PO is assigned to the contract. A purchase order may contain sub-purchase orders (SPO), which is a way of breaking up a purchase order into parts. This may occur if a purchase is fulfilled on multiple shipments.

Due to regulatory requirements, all invoices greater than \$10,000 must also be approved by the City Controller's office. The City Controller follows an almost identical process to the internal AP department, including independently validating the 3-way match. Vendors will not be issued payments until the City Controller has removed the hold on a voucher indicating their approval.

Below is a simplified workflow for Invoice Processing for the Accounts Payable Group.

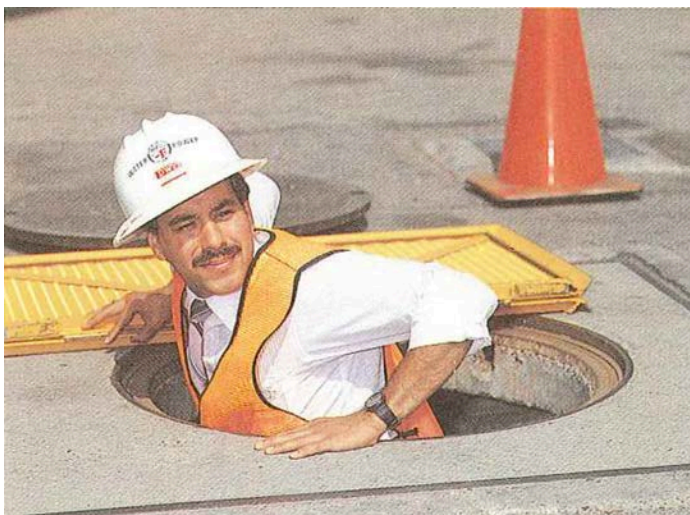






### Accounts Payable Staffing

- 1 Principal Utility Accountant
- 3 Senior Utility Accountants
- 2 Utility Accountants
- 4 Principal Clerk Utility
- 16 Senior Administrative Clerks
- 4 Administrative Clerks



### Monthly Processing

On average, Accounts Payable will process approximately 10,000 invoices per month. The two main types of invoices that are processed are materials & supplies and professional services. Materials & supplies invoices are processed through DWP's FileNet application, where receipts can be matched against the invoice and purchasing authority. Professional services, on the other hand, need to be processed manually. There is no system that captures that services have been

received. The Principal Clerk Utility's in the AP office processes these invoices. These are generally more time-consuming and require a higher degree of auditing and review.

Number of Invoices Processed			
	2022	2023	2024
<b>January</b>	7,460	7,729	9,590
<b>February</b>	7,919	8,687	9,115
<b>March</b>	10,521	11,306	9,460
<b>April</b>	9,740	9,016	
<b>May</b>	9,119	10,398	
<b>June</b>	10,634	10,570	
<b>July</b>	7,553	8,926	
<b>August</b>	10,164	10,711	
<b>September</b>	9,814	9,952	
<b>October</b>	9,619	9,433	
<b>November</b>	10,523	8,735	
<b>December</b>	9,157	8,085	

### Timely Payments

Ensuring that suppliers and vendors are paid in a timely manner is one of the most important objectives of the Accounts Payable group. Paying vendors in a timely manner helps create a good working relationship with supplier partners and helps ensure that daily operations are met by having materials and services continue to be provided.

The tables and chart below provide a historical and current illustration of how timely LADWP is paying its suppliers. The City of Los Angeles, as well as the Department of Water and Power, strive to pay its suppliers within 30 days of receiving their invoice. The data below depicts what percentage of supplier invoices are paid within 30 days. From 2018 to 2021, LADWP was paying approximately 68% to 70% of invoices within 30 days. Towards the end of 2022 and continuing into 2024, LADWP has been paying approximately 85% of its supplier invoices within 30 days (highlighted in green below). From an Accounts Payable perspective, this improvement can be attributed to a few key areas:

1. Reduction in the amount of time it takes for an invoice to get into the pre-validation / indexing phase and into the processing phase
2. Monitoring of the volume of invoices throughout the day and reassigning staff as necessary
3. Maintaining consistent staffing levels in Accounts Payable



Percentage of Invoices Paid Within 30 Days							
	2018	2019	2020	2021	2022	2023	2024
<b>January</b>	64%	61%	54%	69%	62%	82%	80%
<b>February</b>	73%	68%	65%	75%	66%	85%	84%
<b>March</b>	74%	74%	75%	70%	66%	80%	85%
<b>April</b>	77%	78%	76%	77%	74%	80%	
<b>May</b>	69%	76%	73%	72%	72%	80%	
<b>June</b>	71%	74%	75%	69%	78%	82%	
<b>July</b>	73%	70%	74%	69%	77%	81%	
<b>August</b>	68%	62%	72%	70%	78%	83%	
<b>September</b>	72%	59%	61%	71%	85%	86%	
<b>October</b>	73%	51%	68%	68%	87%	84%	
<b>November</b>	55%	56%	71%	73%	84%	84%	
<b>December</b>	51%	66%	72%	72%	85%	82%	

Average Number of Days to Process an Invoice			
	2022	2023	2024
<b>January</b>	50	31	28
<b>February</b>	48	31	26
<b>March</b>	44	31	22
<b>April</b>	36	26	
<b>May</b>	34	21	
<b>June</b>	33	22	
<b>July</b>	27	21	
<b>August</b>	29	19	
<b>September</b>	24	21	
<b>October</b>	23	22	
<b>November</b>	31	22	
<b>December</b>	27	23	

The data above represents the average time it takes to process an invoice from receipt of the invoice to the date of payment. Processing times related to invoices have been steadily improving since July 2022. Even with these improvements, a continued effort is needed to help reduce processing times related to professional service contracts. Below are some of the complexities and challenges regarding these types of invoices:

- Professional service invoices are generally more complex and require a more manual review
- Professional service invoices are only processed by employees at the Principal Clerk Utility classification (currently only 4 employees in Accounts Payable at this level)
- Currently, these invoices cannot be processed while telecommuting
- These invoices go directly to the LADWP end-user first (i.e. contract administrator), which can add to the overall processing time (invoice receipt date to payment date)

For reference, approximately 80% of the total invoices processed are for materials and supplies, while 20% are for Professional Services/Board Resolutions.

Percentage of Invoices <u>Not</u> Paid Within 60 Days							
	2018	2019	2020	2021	2022	2023	2024
<b>January</b>	12%	13%	17%	14%	16%	7%	8%
<b>February</b>	12%	9%	14%	13%	16%	8%	7%
<b>March</b>	9%	9%	11%	14%	13%	7%	5%
<b>April</b>	8%	6%	8%	9%	8%	8%	
<b>May</b>	8%	9%	12%	9%	10%	5%	
<b>June</b>	7%	10%	13%	14%	8%	5%	
<b>July</b>	7%	12%	16%	14%	8%	5%	
<b>August</b>	7%	15%	19%	14%	9%	4%	
<b>September</b>	6%	17%	21%	12%	5%	5%	
<b>October</b>	9%	18%	12%	14%	7%	7%	
<b>November</b>	9%	18%	8%	9%	6%	5%	
<b>December</b>	10%	9%	12%	9%	6%	8%	

### Common Reasons for Invoice Processing Delays

- Materials are not received
- Incorrect information referenced on Invoice
- Invoices are submitted when the SPO has not been finalized
- Late submission to Accounts Payable

### Capturing Discounts

A cash discount or terms discount is a reduction in the amount on a supplier's invoice if LADWP pays the supplier promptly and in compliance with the terms being offered. Capturing terms discounts is a primary goal of the Accounts Payable group. Capturing Discounts saves LADWP large amounts of money each year. During 2022 and 2023, LADWP saved approximately \$2.7 million and \$2.5 million, respectively, by capturing terms discounts being offered by suppliers. Aside from the monetary aspects, capturing terms discounts also helps establish and reinforce a positive relationship with LADWP's suppliers.

The most common discount that is offered is 2% 25 days, net 30. Meaning, if LADWP pays the invoice within 25 days a 2% discount can be taken on the invoice. The 25-day clock starts on the latter of the following 3 dates:

1. Invoice Date
2. Invoice Receipt Date
3. Material Receipt Date

Invoice processing, timely payments, and capturing discounts are the essential functions of Accounts Payable; but it takes collaboration and involvement from various groups across the Department to accomplish these tasks.

Discount Capture Rate							
	2018	2019	2020	2021	2022	2023	2024
<b>January</b>	85%	64%	46%	57%	90%	88%	95%
<b>February</b>	94%	89%	79%	89%	84%	98%	95%
<b>March</b>	90%	91%	87%	87%	78%	98%	95%
<b>April</b>	97%	81%	92%	77%	83%	96%	
<b>May</b>	95%	90%	81%	90%	83%	93%	
<b>June</b>	85%	90%	83%	88%	97%	96%	
<b>July</b>	93%	88%	67%	95%	89%	95%	
<b>August</b>	92%	86%	87%	92%	96%	96%	
<b>September</b>	93%	48%	79%	95%	92%	83%	
<b>October</b>	76%	47%	88%	95%	95%	91%	
<b>November</b>	77%	63%	91%	90%	95%	95%	
<b>December</b>	75%	85%	86%	77%	93%	94%	

### Areas for Improvement

- Reduce the time it takes to process invoices related to professional services
- Improve the Internal Resolution From (IRF) process

### Potential Barriers

- Single point of entry for invoice submission: LADWP is in the process of implementing and migrating its financial systems to a cloud-based ERP. The design of this new system should facilitate increased efficiencies related to invoice processing.

### Plan of Action

- Allocate additional staff and resources to help reduce the processing time related to Manual Vouchers (Invoices for professional services, Board resolutions, legal agreements, etc.)
- Review and analyze historical payment data to obtain an understanding of where deficiencies may exist
- Collaborate and work with SCS to enhance Contract Administrator training. Ensure that Accounts Payable staff are involved during this training to guide Contract Administrators on how to get invoices processed and paid in a timely manner
- Meet with newly onboarded suppliers to provide them information about invoice submission and processing
- Monitor invoice processing performance monthly. Accounts Payable can create and report on invoice processing times; similarly, as the department does on discount capture rates

## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF ENGINEERING**

The Bureau of Engineering (BOE) manages invoices from suppliers, service vendors, construction contracts, and personal services contracts for various projects. The Bureau's Working Group 2 reviewed the invoicing process and implemented the following items to expedite payments for businesses and consultants:

- ✓ **Consultant Invoice Tutorial Video**
- ✓ **Sample and template of Invoices**
- ✓ **Invoice Cover Sheet and Checklist**

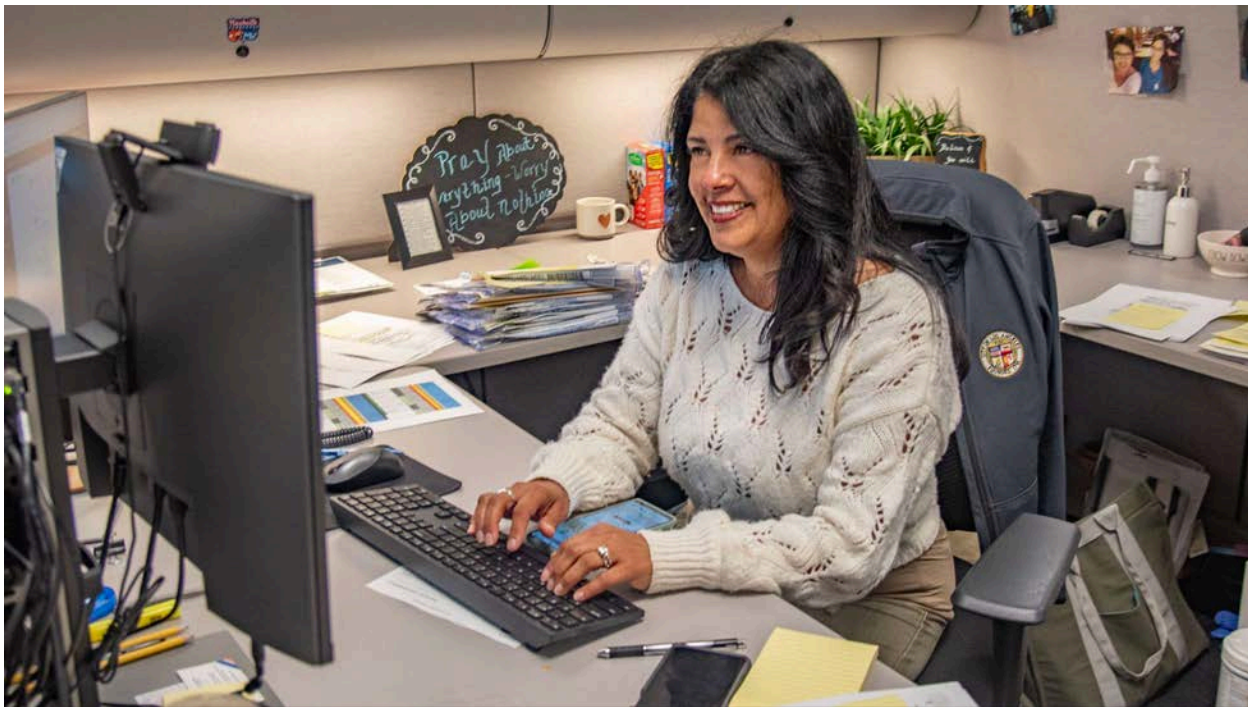
BOE currently has 152 active personal services contracts (PSC) and processes approximately 70 invoices a month for such contracts. To streamline the consultant invoice review, the Bureau implemented an updated consultant invoice cover sheet and checklist, which provide a list of documents to be completed for invoice processing. The Bureau also published a consultant invoice tutorial video and invoice templates and samples available to businesses, consultants, and the public. All these items are available on the BOE internet website for all existing and future consultants.

The new invoice cover sheet and checklist have improved the quality and thoroughness of the invoices and backup documentation received, which has resulted in a reduction in the average days for invoice review by the Bureau. The tutorial video and sample invoices have been utilized as training tools for new consultants as well as for new BOE project managers.

The required backup documents and invoice formats can vary depending on the funding type for the project. Therefore, the Bureau will continue to work closely with the consultants to provide any assistance needed for the invoice processing and will examine the common errors and corrections requested by the other reviewers.

## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF STREET SERVICES**

The Bureau of Street Services (StreetsLA) is responsible for strategically managing and maintaining much of the infrastructure in the City's public rights-of-way, including approximately 23,000 lane miles of streets and 660,000 street trees. The Bureau simultaneously implements long term strategic goals and programs, including resurfacing and tree trimming, while also responding to more immediate requests including pothole repairs, tree emergencies and ensuring streets and sidewalks are accessible for all users. StreetsLA is also responsible for street sweeping, and is the permitting agency for sidewalk vendors, special events and permits related to tree plantings, removals and certain construction activities in the public rights-of-way. Some of StreetsLA's programming is subject to change in the FY 24-25 Budget which resulted in funding reductions for the Bureau.



To help fulfill its mission, StreetsLA regularly works with outside vendors on both short-term and recurring contracts, and is committed to ensuring invoices are processed in a timely, efficient manner in alignment with the Mayor's ED4 goals. All StreetsLA invoices are first reviewed and processed internally by the Bureau, before being sent to the Department of Public Works Office of Accounting (OOA) and, finally, the City Controller, who issues payment. In general, StreetsLA's observation is that the City should, however possible, seek to simplify and modify the contracting process in ways that revise or potentially eliminate the need for various approvals, thus reducing overall turnaround time, including but not limited to:



- Following Controller policy regarding the use of Authorization for Expenditures (AFEs)
- Eliminating or revising the 1022 determination process
  - [1022 Procedures](#)
  - [Language in the Admin Code](#)

Additionally, StreetsLA is supportive of Mayoral efforts that lead to greater consistency across departments and greater transparency with the public, including but not limited to:

- Standardizing and communicating what the City means by “Net 30”
- A standardized electronic invoice routing system
- Standardizing contract/RFP templates

StreetsLA looks forward to continuing to work with the Mayor’s Office and all relevant City agencies and partners to ensure timely completion of payment and procurement processes.

## **Adopted Procedures And Services**

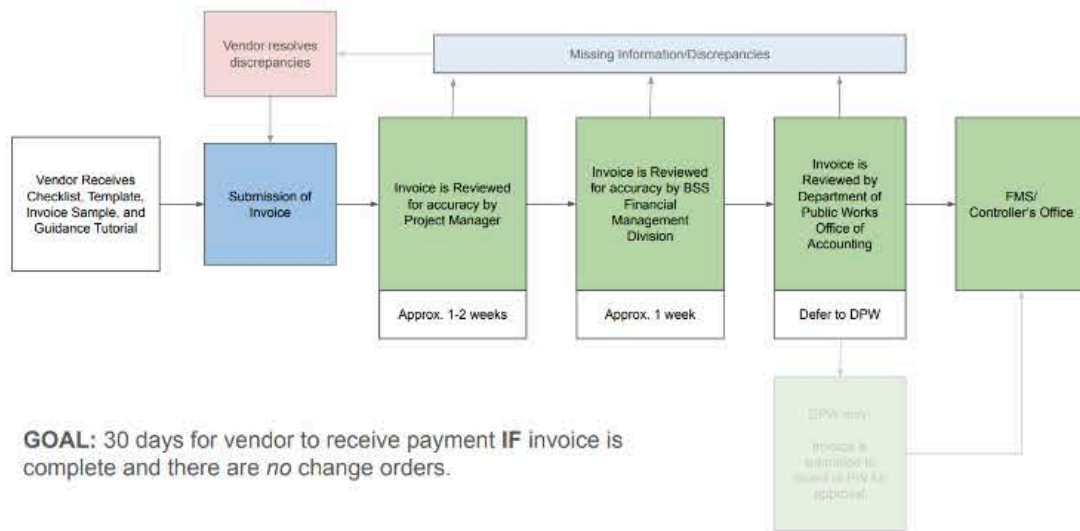
### **Process Overview**

The Bureau’s typical invoice payment process is simple and straightforward, as outlined in the graph below. Upon completion of a deliverable or service, the vendor submits an invoice to StreetsLA, typically the Project Manager in a given division. In some cases, including multi-year contracts that involve multiple divisions, the invoice will be sent directly to the Financial Management Division (FMD), which oversees the entire process for all Bureau divisions.

Once the Bureau receives an “undisputed” invoice, with sufficient backup documents and/or authorized signatures by the Lead Division or Project Manager to confirm that materials were received, or work was performed and accepted, the process officially begins.

Upon receipt of the invoice, FMD and the Lead Division Project Manager commence review. FMD will contact the vendor with questions, to request missing tickets and follow up to get all backup documents, and will review and clear aging reports to ensure timely payment. The Bureau’s process takes approximately 2-3 weeks prior to sending the invoice to the OOA.

## BSS Invoice Payment | Procedural Standard B



2

### Contracts

Vendors can not be paid until an executed contract is in place.

- **Personal and Professional Services Contracts**

Contracts for services of a professional or technical nature that are over \$25,000 must be in writing and approved as to form by the City Attorney, including pre-qualified on-call consultant contracts. Contracts over 3 years require Council approval.

- **Construction Contracts**

Contracts awarded by the Board of Public Works for construction work, design consultants or other personal services directly related to construction work for the City's capital improvement projects require Council approval if over 5 years.

- **Commodities Contracts**

Contracts awarded by the Department of General Services (as the City's Purchasing Agent) for purchases of materials, supplies or equipment.

### Authority for Expenditure (AFE)

An AFE is a mechanism to encumber funds for services that are used for limited, one-time and/or short term needs to pay fees and services that are not ongoing. AFEs are needed but can be limited to Pilot projects, one-time services or other emergency needs. The Controller sets fiscal policy (Controller's Manual 1.4.3.2 General Accounting Encumbrance Authority for Expenditure) for AFEs and the City Attorney reviews and approves all AFEs over \$25,000. Departments should follow Controller policy re: AFEs, and City Attorney should not be signing off on AFEs not in line with Controller policy.

## Improvements Made

### New StreetsLA Website

In alignment with the Mayor's ED4 and ED5 goals, StreetsLA is in the midst of a full revamp of the Bureau's website (<http://streetsla.lacity.org>), which is being redesigned to be more straightforward, streamlined and user-friendly than the existing website, which is several years old.

A major emphasis of the new website will be a "Policies and Guidelines" page specifically devoted to providing information on certain Bureau processes, including how an invoice should be submitted and how the Bureau pays its vendors. Having a central "hub" for an array of technical and detailed information will allow StreetsLA to present information to stakeholders more clearly, succinctly and proactively. The following information on invoice submission and payment processes will be displayed on the new website by summer 2024:

- ✓ Video tutorial on invoice submission (being developed by OOA)
- ✓ Sample of a StreetsLA invoice
- ✓ Checklist of what to include in an invoice submission
- ✓ Personal and Professional Services Contracts
  - a. Personal/Professional Services Contracts
  - b. Authority for Expenditures (AFEs)
- ✓ Construction Contracts
- ✓ Commodities Contracts

StreetsLA believes that proactively making this information available will make its overall payment processes more efficient, and will reduce the likelihood that

## Barriers Identified

### Staffing Challenges

Not unlike other departments, StreetsLA is experiencing staffing challenges, including administrative support for both standard operations and grant-funded projects. Notably, even as StreetsLA has successfully amassed a portfolio of over \$500 million in grant funds for transformative streetscape projects across the City, all of which involve partnerships with numerous outside vendors and contractors, the Bureau has not been given additional administrative support staff to assist with grant-related processes.

Even with these circumstances, as well as the current budgeting and staffing difficulties facing the Bureau and City, StreetsLA is committed to doing its best to ensure vendors are paid in a timely fashion. The new website, with its clearly articulated set of Bureau policies and guidelines, will be designed to provide information on the "front end" of StreetsLA

processes (permitting, invoice payment, etc.) with the goal of achieving more streamlined and efficient timelines.

### **1022 Determination Process**

The Bureau regularly experiences challenges due to the City's Charter Section 1022 determination process (1022 Process), which requires City departments to determine if it is more economical or feasible to contract out services. To determine 1022 compliance, the City has developed a process that has been used for years that could be reformed to speed up this step. Currently, prior to hiring an outside vendor or contractor, departments that wish to contract must first check with other City departments to see if in-house City staff can perform the necessary work recommended for contracting. It is frequently, if not usually, the case that in-house staff at other City departments cannot do so, which makes this a frequent yet unnecessary step in the City's contracting process.

StreetsLA recommends reforming this requirement, perhaps with the production of a "master list of services" that proactively describes all services performed by and available staff at City departments. This could reduce timeframes for the procurement and execution of contracts with outside vendors.

### **Existing Timelines**

StreetsLA has experienced challenges due to the length of time it can take to execute contracts, or the need to renew certain contracts with relative frequency. City departments frequently contract for certain services that cannot be performed by the City and can only be handled by outside vendors. Often, these are services that departments have needed for decades; however, every 3-5 years, the entire 1022 Determination and executive review processes must be repeated, even if the department complied with those requirements in previous contracting cycles.

### **Lack of Standardized Contract Templates**

The City struggles due to the fact that contract templates are not standardized across departments. Though the "Standard Provision of City Contracts" is sometimes a helpful resource and provides an all encompassing list of possible city contract requirements, the length and complexity of the document can prove intimidating to both City staff and outside vendors, who may not necessarily need to comply with all the listed provisions. As an example, contracts under a certain monetary threshold do not have to comply with certain requirements, but for inexperienced staff and vendors, it's sometimes difficult to discern which requirements apply to each service or monetary threshold.

StreetsLA recommends standardizing contract templates to the greatest extent possible and providing staff and potential vendors with a quicker way to determine which of the many 'Standard Provisions of City Contracts' are required for a particular contract.

### **Lack of Inter-Departmental/Inter-Agency Contracting Transparency**

In many cases, departments can operate in “silos,” and one particular area is in the area of contracting. Each department contracts out for services separately from other departments, meaning StreetsLA is unaware of the contracting processes or needs of other departments. If there were more transparency, it’s possible that multiple Bureaus or departments could join efforts when contracting with an outside vendor.

There are two ways a department can ‘utilize’ another department’s contract. First, the contracting department can authorize, via the City’s Financial Management System (FMS), the ability for another department to utilize their contract within the established contract monetary ceiling. This is a very quick way for a department to contract without having to develop its own contract. The Bureau has used other departments’ contracts and has also allowed other departments to utilize the Bureau’s contracts. There could be a potential opportunity to expand this inter-departmental collaboration to further expedite contracting.

Second, as authorized in the City Charter, departments can engage in ‘cooperative agreements’ (sometimes informally known as ‘piggybacking’), whereby a department can use/‘piggyback’ off of another department’s RFP contract process and execute its own contract with a vendor without having to engage in a separate RFP. This can be done using city department contracts or other non-city governmental agency contracts. Having departments be aware of what opportunities there are out there to develop cooperative agreements using city department contracts or other non-city government agency contracts could further help facilitate the contracting process.

StreetsLA recommends greater transparency and collaboration across departments’ contracting needs and processes, including a master shared contracting listing with the ability to piggyback or utilize other departments’ contracts and/or having more centralized information about how to identify other non-city government agency contracts.



## DEPARTMENT OF PUBLIC WORKS | BUREAU OF CONTRACT ADMINISTRATION

The Bureau of Contract Administration Payment Group processes a monthly average of 271 progress payments totaling approximately \$25.5 million. The payment group's timeline to process a payment and send it to accounting is 1 day.

FY '24	JUL '23	AUG '23	SEPT '23	OCT '23	NOV '23	DEC '23	Jan '24	Feb '24	Mar '24	APR '24	MAY '24	JUN '24	TOTAL AVG	
Total Payments	259	272	213	281	227	281	260	227	281	402			271.6	payments processed per month
Total payment amount (millions)	25.0	23.1	32.7	25.4	25.4	22.5	28	23.2	23.1	26.5			25.5	millions of dollars processed per month

In order to help with processing all construction payments in the Department of Public Works with the goal of achieving a 30-day turnaround for undisputed invoices, the Bureau submitted a budget request that was approved, to **create a Construction Payments Processing Unit (PPU)** within the Bureau of Contract Administration.

This new unit, in addition to processing the actual payment documents, would also allow for centralized proactive coordination and troubleshooting of the other steps of the payment process that occur in other Bureaus and Offices, helping to reduce delays in payment.



## **DEPARTMENT OF PUBLIC WORKS | BUREAU OF SANITATION AND ENVIRONMENT**

Los Angeles Sanitation and Environment (LASAN) currently manages over 160 personal services contracts (contracts) that generate approximately 9,000 invoices per year. The bureau regularly assesses its existing processes and timelines as it pertains to the payment of invoices and the barriers currently faced by its contractors in receiving payments in a timely manner for services rendered.

During this past year, LASAN has adopted the following procedures and practices to improve and streamline its invoice payment process:

### **Smartsheet Invoice Tracker**

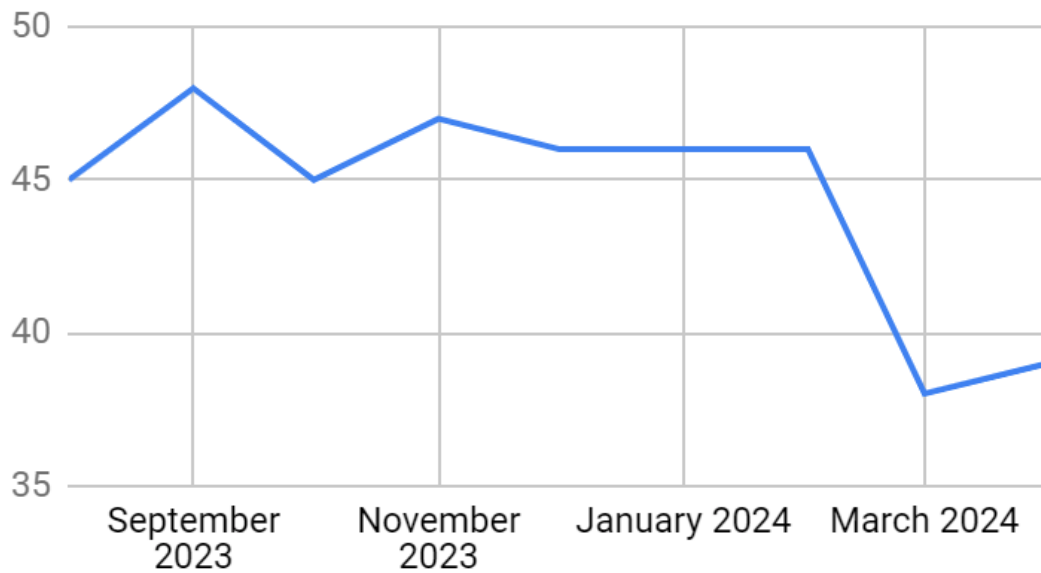
Upon discovery that LASAN divisions lacked a uniform system for collecting and tracking invoice receipt and payment, in July 2023, the LASAN Administration Division (Admin) developed an invoice tracker utilizing Smartsheet for all Division Project Managers (PMs) to enter information detailing the progression of invoices from receipt by the PM to payment by the Controller's Office. The goal of this tracker was to ascertain invoice payment processing times, identify issues that prevent timely payments, and develop procedures to prevent or reduce such occurrences.

In February 2024, Admin staff and the Executive Office began meeting regularly with the PMs to address pending invoices over 120 days old (identified in the tracker), reasons for payment delays, and recommended improvements to invoice processing times. In addition, PMs are currently emailed notifications when invoices are 60 days, 90 days, or 120 days overdue.

LASAN found that the use of the Smartsheet Invoice Tracker and regular meetings with the PMs resulted in an overall decrease in average invoice processing times (within the bureau).

Invoice processing times reported to the Mayor's Office for the period August 2023 through April 2024:

## Average Days to Process Invoices



### LASAN Payment Processing Task Force

In November 2023, LASAN formed a Payment Processing Task Force composed of the Executive Office (Assistant Directors), Administration Division (Contracts and Purchasing), and PMs from several divisions that manage LASAN's larger contracts. The task force meets monthly to discuss invoice payment issues encountered within the bureau and with the Office of Accounting (OOA), as well as the development of training tools for PMs, Division Purchasing Liaisons, and contractors.

### Enhanced Training

LASAN continuously makes an effort to provide training to staff on procurement documents and invoice payment processing. Training over the past year has included the following:

- Quarterly All Purchasing Action Team (APAT) meetings where updates are presented to Division Purchasing Liaisons on Authority for Expenditure (AE) and encumbrance preparation, invoice processing procedures, purchasing card use, and petty cash management.
- Staff enrichment sessions are offered to staff bureau-wide. Past sessions have covered topics such as Request for Proposals, and contract development and execution, and AE preparation.
- Regularly scheduled meetings with LASAN's larger contractors to discuss invoice payment status and issues causing payment delays.

## Recommendations

LASAN has the following recommendations for streamlining the invoice payment process and the practices associated with it:

- OOA should be tasked with the development of an invoice preparation checklist and training video for use by firms contracted by all Department of Public Works bureaus (construction and personal services). Having just one comprehensive checklist and video would promote consistency and uniformity in contractor invoice submissions and hopefully reduce invoice processing times within the bureaus and at OOA.
- Staff shortages at OOA over the past few years have lengthened encumbrance approvals and invoice payment processing times. Currently, LASAN funds full time employees (FTEs) and part time staff at OOA to solely process LASAN invoices. LASAN recommends that the FTEs be embedded within LASAN and work alongside LASAN's Purchasing Unit staff so that any issues that arise can be resolved immediately, without delay.

LASAN will continue to closely examine its own bureau processes and explore ways to improve and streamline the invoice payment process both internally and externally with the OOA, Mayor, and CAO.

## DEPARTMENT OF PUBLIC WORKS | BOARD OF PUBLIC WORKS – OFFICE OF ACCOUNTING

The Office of Accounting (OOA) provides accounting and financial services to all the Bureaus of the Department of Public Works (Bureau of Contract Administration, Bureau of Engineering, Bureau of Sanitation, Bureau of Street Lighting, Bureau of Street Services) and the Board of Public Works.

The OOA accounts for all financial transactions, accumulates and records project and program costs, bills and collects revenue from the public and governmental agencies for City services, bills and collects reimbursements from federal, state, and local grantor agencies, and bonds funds that finance City capital projects. It further ensures expenditures comply with appropriation and budgetary constraints; processes payments to vendors, contractors, and suppliers; implements business systems and ad hoc financial reporting systems; and is responsible for maintaining the financial integrity of accounting records of the Department of Public Works.

### Identified Issues and Corresponding Action Plans

#### Late Payments

The OOA continues to struggle with meeting the established City Controller's guidelines of paying all vendors within 30 days. The office has been able to selectively prioritize some areas for expedited processing with positive results; however, scaling up these changes has not only presented additional challenges but also opportunities for collaboration with other Bureaus. As a result of other citywide initiatives (e.g., decentralization of certain Controller functions), this office took steps to strengthen operating guidelines to provide clear direction to staff and continue striving to provide a high level of customer service to the Department's vendors. The following steps were taken:

- ✓ Created a centralized invoice management tool to record all vendor invoices from Bureau staff.
- ✓ Established a dedicated email account to receive all invoices in PDF format only.
- ✓ Established an online payment option for the collection of various fees and other billings.

#### Daily Invoice Monitor Log (DIM)

**Goal:** To create a centralized invoice management tool to record all vendor invoices in electronic format, gather quality data, and deliver accurate and relevant metrics to management.



**Action Plan:** Originally, all invoices were physically received by each section's staff and tracked individually. During Fiscal Year (FY) 2019 and due to operational and reporting demands, a centralized invoice gathering and tracking tool was developed and deployed, effectively requiring Bureau staff to log any invoice sent to its office for tracking purposes. Bureau project management staff continues to record pertinent information (e.g., date of invoice, date sent to accounting) in the DIM while new ideas and discussions are being considered to replace this tracking mechanism. The DIM continues to deliver a high return on investment for accounting operations as it records critical dates from which metrics can be gathered and reported.

**Timeline:** The OOA continues to work with the CAO's Office of Procurement to develop a pilot application, the Centralized Invoice Management System (CIMS), based on the Salesforce platform to effectively serve as an invoice flow tracker and approval tool for all Public Works Bureaus. The RFP process has been completed, and a contract has been awarded to Deloitte Consulting LLP. The current timeline to begin discussions with Bureau contract staff to document current business processes is mid-June, with a potential prototype to be delivered late Summer or early Fall.

### Single Point of Entry

**Goal:** Create a single point of entry for all invoices received by the Board of Public Works' Office of Accounting.

**Action Plan:** Establish a dedicated email account to receive all invoices in PDF format only. Hard copies are no longer accepted.

Accelerated by the advent of the COVID-19 pandemic, invoice digitization efforts resulted in the requirement that all documentation submitted to OOA be in PDF format. Currently, all invoices and supporting information are submitted through a single email address. Simple identification guidelines, such as the name of the vendor and fund number, are required as part of the email title. Bureaus are encouraged to add invoice numbers to the email title if they feel doing so can assist the unit in handling their specific contract. On an operational level, supervisory staff receive all incoming notifications, and as part of their daily duties, they distribute and assign incoming invoices to their respective unit(s).

**Timeline:** The following short table summarizes the number of invoices received electronically by fiscal year, starting in 2020. This summary only presents payment documents.

2021	2022	2023
16,290	23,226	18,320

The figures represent only accounts payable-related transactions. Although volume has fluctuated across fiscal years due to various reasons (e.g., cost containment measures by the Garcetti administration during FY22), the overall number of transactions received by OOA (≥80K) have remained constant during the same period. Utilization of this operational procedure will remain in place while other options are evaluated (i.e., CAO's CIMS project).

### **Adoption of Online Payment Option**

**Goal:** Provide online and contactless payment options for the collection of various fees and other billings.

**Action Plan:** Comply with Executive Directive No. 29-Contactless and People-Centered City Initiative by providing online payment options to all vendors.

By fully leveraging the Universal Cashiering System (UCS) developed by the Department of Building and Safety and adopted by the Bureau of Engineering as part of their public counter operations, the online payment system allows City “customers” an additional opportunity or alternative medium to make payments in a timely fashion, thus improving City/Departmental revenue flow as well as the implementation of enhanced collection procedures as directed by Executive Directive No. 5 (Villaraigosa Series) and the Office of Finance’s Citywide Billing and Collection Guidelines. The need for the Office of Accounting to implement an online payment system was triggered by the “Stay-at-Home” requirement during the Coronavirus crisis, which left city offices closed to the public. Therefore, the online payment system provides health and safety benefits to both city employees and constituents by avoiding person-to-person contact when completing transactions. Another potential cost reduction is the elimination of check payments received, the majority of which are sent to the Public Works lockbox, by reducing financial institution processing and potentially eliminating physical checks received by office staff and the required administrative work associated with them.

**Timeline:** The OOA continues to leverage the UCS in all online transactions.

### **Lack of trained personnel in accounting, financial, and other procedural processes within Public Works**

The following initiatives and collaborations have been taken to address these operational challenges:

- ✓ Development of an accounting “bootcamp” to provide an overview of accounting processes and requirements citywide.
- ✓ Development of simplified accounting manuals, checklists, and other materials to enhance the Controller’s guidelines.

- ✓ Assist the Bureau of Contract Administration in the development of a pilot program for the implementation of a dedicated construction payment unit within the Bureau.

## **Enhanced Training**

**Goal:** Provide staff training and dissemination of procedures and policies to non-accounting personnel through coordinated efforts with Bureau staff.

**Action Plan:** Gather feedback through Google Forms from the Bureaus' admin personnel to identify critical areas of recurrent operational bottlenecks related to accounting processing as well as related non-accounting documents, policies, and procedures. The goal of these efforts is to deliver targeted "boot camp" sessions addressing identified concerns. Coordination with LASAN has resulted in the development of a short instructional video for vendors and employees. Further refinement of the material is expected based on feedback received.

**Timeline:** These efforts are on-going.

## **Creation of Tools to Support Staff and Vendors**

**Goal:** Provide staff and vendors with simplified materials, such as checklists and process maps, with overall processing steps to identify critical milestones during the vendor payment process to minimize missing documentation directly impacting payments.

**Action Plan:** Leverage OOA's policies and procedures, Controller's manuals, and FMS4LA materials to address knowledge gaps and other subjective areas that usually create confusion in staff due to conflicting information.

**Timeline:** These efforts are on-going.

## **Pilot a Construction Payment Unit**

**Goal:** Assist the Bureau of Contract Administration in the development of a pilot program for the implementation of a dedicated construction payment unit within the Bureau.

**Action Plan:** Setup dedicated sessions with executive and administrative staff to explain and discuss construction payment guidelines to assess the Bureau's readiness to establish a payment section within the department. Sessions will involve policy and accounting discussions. The proposed deadline for implementation is September 2024.

**Timeline:** These efforts are on-going.

## Continuous Challenges

### Staffing Challenges Due to High Vacancy Rates in the Accountant Class

In their June 2023 ECONOMIC WORKFORCE SERVICE RESTORATION report, the Personnel Department identified the accountant and senior accountant Civil Service classes as two of the ten most critical classifications for the continued operation of all city departments. The OOA continues to experience high vacancy rates due to budgetary constraints, a lack of qualified candidates, and hiring priorities set by the Board of Public Works. The impact of prioritization on payment processing has created several challenges for all staff involved in the accounting process citywide.

**Goal:** Hire as many vacancies as possible within a short period of time.

**Action Plan:** Conduct interviews and submit all required paperwork while collaborating with the PCH committee to answer questions as part of the approval process for unfreezing positions.

**Timeline:** The Board will continue monitoring PCH meeting dates, its recommendations for certain unfreezing of positions, and act accordingly.





## **FIRE DEPARTMENT**



The Los Angeles Fire Department (LAFD), serving an estimated population of four million, requires a comprehensive array of supplies, equipment, and services to effectively meet the demands of the City of Los Angeles. These necessities are provisioned through existing contracts, supporting the near four thousand-strong workforce dedicated to public safety. LAFD annually handles cash expenses and vendor payments of over \$72M.

In alignment with Mayoral Executive Directive 4 (ED4)—entitled “Identifying Barriers to Small Business Creation, Development, and Growth”—each City Department is mandated to conduct a thorough examination of existing procedural obstacles that detrimentally affect the inception, development, and expansion of small enterprises within the city.

Pursuant to the stipulations of ED4, Working Group 2 has issued a directive to the LAFD to formulate a strategic action plan aimed at streamlining the payment process for vendors engaged in business activities with the department. This initiative is designed to address and resolve the challenges pinpointed during the review.

The attached project proposal for creating a centralized invoice tracking system delineates a set of clear deliverables and outlines a methodical approach to implementation, subject



to staffing availability and resources. (based on FY 2024–2025 position deletions, this project may be impacted)

The current proposal serves as an initial step towards a fully funded project plan. It fulfills the requirements set forth by ED4 concerning the assessment and creation of a detailed action plan.

### Identified Issues Affecting Timely Payments to Vendors

The process of managing invoices and ensuring timely payments to vendors is critical for maintaining good relationships and operational efficiency. However, several issues have been identified within the Department that hinder this process:

- **Delayed Processing:** Historically, invoices have become backlogged in the approval queue. This has resulted in significant payment delays, disrupting the cash flow to vendors.
- **Lack of Accountability:** There has been ambiguity regarding who is responsible for reviewing and approving invoices. This lack of clarity has led to accountability issues and further delays.
- **Budget Constraints:** Financial limitations have restricted the ability to implement system improvements, which could otherwise streamline the payment process.
- **Staffing Challenges:** Limited or absence of staffing support on both operations and accounting units affects the timeliness of invoice payment processing.
- **Vendor Delays:** Sometimes, the delay in processing payments can be attributed to vendors not providing the necessary documentation and information in a timely manner.
- **Manual Data Entry:** The reliance on manual data entry to an invoice tracking worksheet not only slows down the process but also increases the likelihood of errors, which can lead to further delays and complications.
- **Lack of Real-Time Visibility:** Stakeholders do not have immediate access to the status of the contract, funding, and payments, making it difficult to track progress and address issues promptly.

These barriers must be addressed through strategic planning and the implementation of more efficient systems to improve the timeliness of payments to vendors. The Department's goals are to reduce payment processing time and enhance accountability while overcoming budget constraints and staffing challenges.

### One-Point of Entry System

LAFD will implement a centralized system for invoice submissions, tracking, and status updates. This streamlined process ensures that all invoices are submitted through a single entry point, reducing redundancy and improving efficiency.

The adoption of a One-point of Entry (OPE) system for invoice submission is a strategic move to streamline the accounts payable process, thereby expediting vendor payments. This report outlines the anticipated impact of implementing an OPE system, supported by relevant metrics and industry insights.

Inefficiencies in invoice processing can lead to delayed payments, strained vendor relationships, and increased operational costs. The OPE system centralizes invoice submissions, reducing complexity and enhancing efficiency.

### **Impact Analysis:**

- **Reduction in Processing Time:**
  - The OPE system automates data entry, invoice matching, and payment scheduling, which can reduce the invoice processing time.
  - Automation minimizes human error, further accelerating the payment process.
- **Cost Savings:**
  - By streamlining invoice submissions, LAFD can take advantage of early payment discounts, potentially saving 1-5% on costs.
  - Avoidance of late payment penalties, if any, contributes to additional savings.
- **Improved Cash Flow Management:**
  - Real-time visibility into financial data allows for better cash flow management, preventing overpayments or duplicate payments.
  - Strategic payment scheduling ensures critical payments are prioritized, optimizing cash allocation.
- **Enhanced Vendor Relationships:**
  - Timely payments foster trust and reliability with vendors, which can lead to more favorable payment terms and discounts in the future.
- **Compliance and Security:**
  - The OPE system ensures compliance with industry regulations and City policies, safeguarding against fraud and unauthorized transactions.

### **Commitment to Review Timeline**

LAFD will commit to a specific timeline for reviewing and paying invoices to comply with the Controller's vendor payment policy. Upon submission, invoices are reviewed within **10 working days** by the Contract Administrator or Project Manager for completeness, accuracy, and compliance with the City contract. The reviewer will need to certify that all

goods and services included in the invoice were received by the Department. After the review and certification, the invoice is then forwarded to LAFD Accounts Payable Unit for payment processing. **The payment process will be completed within five working days if no issues are found.** This commitment ensures timely processing and payment.

*The average invoice processing time of the Department when using the OPE system is expected to decrease from 25 working days to 15 working days.*

### Clear Designation of Responsibilities

Roles and responsibilities have been clearly defined within the Department:

- **Contract Administrator:** Responsible for reviewing the invoice's contract compliance. May review and certify the invoice payment as well.
- **Project Manager:** Responsible for verifying goods received and services rendered and approving invoices for payment.
- **Accounts Payable (AP):** Responsible for invoice processing and payment.

### Enhanced Training

LAFD will conduct training sessions for Contract Administrators, Project Managers, AP staff and department managers. The training covers invoice handling, system usage, and adherence to the review timeline. The Department will ensure to equip employees with the necessary skills to manage the new system effectively.

The implementation of a One-point of Entry system for invoice submission is a transformative step towards achieving operational excellence in vendor payments. The metrics, including the reduction of the average invoice processing time, cost savings, improved cash flow, and strengthened vendor relationships, underscore the significant benefits. LAFD will adopt such systems to remain competitive and financially healthy.

### Action Plan

The implementation of an automated OPE system is designed to expedite payments to vendors, reduce manual errors, and improve overall efficiency. The action plan consists of five key strategies:

- **Automated Reminders:**
  - **Objective:** To ensure timely approvals and prevent delays in the payment cycle.
  - **Action:** Implement a system that sends automated reminders to approvers for pending invoices.
- **Weekly Review Meetings:**
  - **Objective:** To identify and resolve process bottlenecks.

- **Action:** Establish regular meetings to discuss outstanding issues and track progress.
- **Performance Metrics:**
  - **Objective:** To gain insights into the efficiency of the payment process.
  - **Action:** Monitor key performance indicators, such as the time taken for each step of the payment process, and report on trends and outliers.
- **Prioritization:**
  - **Objective:** To allocate resources effectively within budget constraints.
  - **Action:** Prioritize system enhancements that are critical to the payment process and align with financial planning.
- **Simplified Approval Workflow:**
  - **Objective:** To streamline the approval process and reduce complexity.
  - **Action:** Review the current approval hierarchy and revise it to minimize steps without compromising control.

The proposed action plan aims to leverage automation to enhance the speed and reliability of the invoice payment process. By addressing key areas such as reminders, meeting reviews, performance tracking, prioritization, and workflow simplification, the Department can achieve a more efficient and vendor-friendly payment system.

## Recommendations

LAFD will strive to adopt automation by embracing the OPE system to automate and expedite the invoice-to-payment cycle. The OPE system will be integrated with the City's Financial Management System (FMS) to ensure seamless data flow between the two systems for accurate financial records.

## Next Steps

- **Pilot Program:** Initiate a pilot program to assess the OPE system's impact on a small scale before full-scale implementation, targeting full implementation by the end of Q2 of fiscal year 2026.
- **Monitor KPIs:** Regularly track the key performance indicators to measure the system's effectiveness and make data-driven decisions.

By following these recommendations, LAFD can maximize the benefits of the OPE system and achieve a more efficient, cost-effective vendor payment process.

## DEPARTMENT OF CANNABIS REGULATION



The Los Angeles Department of Cannabis Regulation (DCR) has made significant strides in aligning with Executive Directive No. 4 (ED4) to foster an environment conducive to small business creation, development, and growth. Working diligently within the framework outlined by the directive and in collaboration with the members of the Los Angeles Business Steering Committee (LABSC), DCR has undertaken comprehensive evaluations, implemented targeted strategies, and initiated collaborative efforts to streamline processes

and alleviate burdensome barriers. This report presents a summary of the Department's achievements, highlighting key initiatives undertaken by Working Group 2, which focused on expediting payment processes. Through innovative solutions and proactive measures, DCR aims to bolster the resilience and vitality of the local business landscape, thereby contributing to the economic prosperity of the City of Los Angeles.

### Adopted Services and Procedures

- ✓ **Invoice Pre-Submission Consultation:** Once a new or replacement contract is executed, DCR schedules an Onboarding Meeting with the vendor to provide key information, including a review of the invoicing process, timeline, and related documents and identification of key departmental contacts for different issues. These departmental contacts include: the DCR Project Manager for the contract, who will provide direction on the services provided by the contractor; the DCR Invoice Supervisor, who may be consulted on payment questions; and the DCR Contracts Supervisor, who may be consulted for any contract issues, including change orders. All of these key contacts are present at the Onboarding Meeting.
- ✓ **Invoice Template:** At the time of the Onboarding Meeting noted above, DCR works with the vendor to review their standard invoicing template to ensure it provides the information required per the contract and provide recommendations for any adjustments that may help speed processing.
- ✓ **One Point of Entry:** Vendors are instructed to submit all invoices to one point of entry, [DCR.Billing@lacity.org](mailto:DCR.Billing@lacity.org), and are advised that the timeline of their invoice review and processing begins upon submission to this central billing email address. This requirement is included in all DCR contracts and reiterated at the Onboarding Meeting noted above. Invoices received elsewhere (e.g., submissions directly to the DCR Project Manager or other personnel) are forwarded to this central billing email



with a reminder to the vendor to send to this address in the future.

- ✓ **Cover Sheet with Checklist:** Vendors are instructed to include the DCR Invoice Submission Checklist (Attachment 2) as a cover sheet with all invoices they submit to the department's central billing email address. This requirement is communicated at the Onboarding Meeting noted above and will be incorporated into all future DCR contracts.
- ✓ **Timeline for Review:** DCR made minor adjustments to conform its internal invoice review and approval processes to the Working Group's procedural standard, and committed to a 15-day invoice review and approval timeline. This timeline is communicated to vendors during the Onboarding Meeting noted above. See Attachment 3 for DCR's Invoice Payment Procedural Standard workflow.
- ✓ **Designation of Responsibilities:** Since May 2023, DCR's invoice review and approval process has included a clear designation of responsibilities for each party involved with this process within the Department. DCR provided details on each party's responsibilities using the Working Group's template and continues to adhere to these designated responsibilities.
- ✓ **Enhanced Training:** Following various improvements made in March and May 2023 (details below), DCR developed detailed written procedures to make it easier to train new staff and hold them accountable for their work.
- ✓ **Invoice Approval Form:** In March 2023, DCR implemented a standardized Invoice Approval Form to clearly document invoice information and departmental approvals and help speed review and approvals by all involved parties.
- ✓ **Log and Track All Invoices:** In April 2023, DCR implemented a web-based solution, [Smartsheet](#), to log and track all invoices from receipt to payment. Smartsheet has enabled clear tracking of workload and the status of all submitted invoices, making it easier to manage the work and identify delays in processing. Smartsheet is managed by DCR's Administrative Team, and is currently used to track and manage all tasks assigned to staff within the Team.

## Addressing Barriers

### Community Level Contracting via Social Equity Program Bench Contracts

DCR conducted a Request for Qualifications in 2023 that resulted in the award of five contracts to five prime contractors and a total of 25 subcontractors. The RFQ was written to encourage subcontracting by the prime contractors, and the use of a Task Order Solicitation (TOS) process will help ensure smaller projects can be broken down and solicited among the bench of vendors rather than awarded via one large contract. The contracts do not have a specific ceiling established, as costs will be based on TOS distributed to the Bench as funds are made available from the General Fund or grant sources. All five contracts were executed in January 2024 and may last up to three years.

## **ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT**

The following is a selection of accomplishments that have advanced the goals of ED4's Working Group 2 related to process improvements being developed and implemented to accelerate invoice payment processing during the 2023-2024 Program Year:

### **Year-to-Date Highlights for Program Year 2023-2024**

- ✓ **Improved tracking of invoice processing times.** From January to April 2024, FMD began actively monitoring invoices with the goal of reducing backlogs and process bottlenecks. Improvements include the consolidation of six different tracking methods into a single process. Despite staffing shortages in the department's Financial Management Division, in the past four months, EWDD received 1,113 invoices and successfully processed/paid over 50% of them. Of the invoices received, only 104 were paid more than 25 days (or approximately 18% of paid invoices) due to case-specific circumstances, such as pending grantor reimbursement of claimed funds, expired insurance, fund encumbrance, etc. FMD continues to evaluate the process flow to improve the timeliness of payments, including resource hiring, staff realignment, and technology utilization, which will include the forthcoming Grants Management System.
- ✓ **Hired key leadership for critical units supporting contracts and accounting functions.** EWDD backfilled several key leadership roles that have accelerated the department's process improvements related to contract management and invoice processing. These hires include a Chief Management Analyst to oversee the Financial Management Division (FMD) and provide leadership in managing EWDD's diverse funding portfolio, invoicing, compliance, and financial management of the department. Other additions include a Chief Management Analyst and Senior Management Analyst II for EWDD's Administrative Services Division (ASD). Highlighting the importance of achieving appropriate staffing levels, these critical leadership roles have made a significant impact on the department's capacity to execute process improvement projects and have made the following achievements possible.
- ✓ **Developed and implemented an interim invoice tracking system for EDD contracts.** In the absence of a centralized invoice management system, EWDD developed an interim invoice tracking system to record invoices submitted, processed, and paid. Utilizing existing Google Suite resources, the interim tracker serves as a temporary method for documenting invoices received and tracking aging accounts. The tracker has provided insights into process "bottlenecks" to inform the development of a permanent, technology-based solution to govern the department's invoicing process.

✓ **Implemented IT project management methodologies to track WDD contracts.**

For WDD contracts, under the leadership of EWDD's new Senior Management Analyst II, EWDD has adapted the IT project management methodologies to establish process consistency and visibility into all aging accounts. As a result, in Q2 of PY49, contracts are being executed within a month of WDD providing full approval for 259 contracts, amendments, and agreements executed year-to-date.

## **Forthcoming improvements: New Grants Management Platform**

In an effort to develop a lasting solution to contract management and invoice processing challenges, EWDD anticipates that the following two improvements will produce measurable results by the end of this calendar year. Toward this end, EWDD has:

- **Secured funding to develop a comprehensive grant management system.** EWDD successfully secured special funding for the development of a Salesforce-based product to serve as a comprehensive system of record for contract tracking, invoice processing, and financial reporting. Consolidating these processes into a single platform will improve workflow across functions and increase efficiencies; and
- **Contracted with LaunchPad to develop the Grants Management System.** EWDD has partnered with LaunchPad as its developer to build the department's Salesforce-based Grants Management System. This project has been initiated with the mapping of EWDD's current contract processes, which will inform LaunchPad's team of developers as they begin to construct the department's Salesforce platform. EWDD's goal is to have a pilot of its system built and ready for testing before the end of the calendar year.

The need for citywide system alignment. While the new Grants Management system will improve EWDD's internal ability to manage its grant portfolio and invoices more efficiently, the process of generating a payment to complete the invoice life cycle occurs outside of EWDD's systems. As this final step is managed through the citywide Financial Management System (FMS), further delays can also occur at this stage caused by additional approval requirements for larger payments, third-party auditing for complex contracts, and external approval requirements for fund transfers. While these issues cannot be resolved by EWDD's Grants Management System, the department looks forward to forthcoming FMS upgrades that will support a more effective citywide system for the execution and fulfillment of contractor payments.

## **Barriers Identified**

- **Addressing compliance-related delays for invoice package submissions.** One common barrier identified by the ED4 Working Group 2 was invoice processing delays caused by incomplete submission of invoice packages by vendors, missing supporting documentation, or non-compliance with City, State, or Federal provisions. In October 2023, FMD released an internal directive to sub-recipients relative to document submission compliance. This directive improved compliance documentation by 40%. FMD continues to encourage the timely submission of documents that are voluminous and critical to the timely processing of invoices and a pre-cursory requirement for many grantors to release grant claim reimbursement to EWDD.
- **Growing administrative burdens to manage invoice backlogs due to delayed hiring.** Another major consequence of delayed hiring of grant-funded positions is the inability to earn revenue for grants that are disbursed through reimbursement. When positions that are designated exclusively for grant purposes are unfilled, especially accounting and auditing roles, EWDD is unable to issue payments to contractors for services rendered in a timely manner due to the cadence of grant reimbursement payouts. A recent example of such a case is that the City of Los Angeles (City) was awarded a \$53.3 million grant, the CA4All, which is administered by EWDD. The grant is split among at least six City departments that administer 16 CA4All programs, servicing over 4,000 youth. The State reimburses the City on a cost-reimbursement basis only. Due to the 60–90-day period it takes the State to process and mail reimbursement checks, service providers and program participants are impacted by a delay in payment. Additionally, as it stands today, the state is over 180 days behind in issuing reimbursements. To mitigate the negative impact of these delays on contracted providers, EWDD requested a \$14.5 million Reserve Fund Loan to enable EWDD to pay participating City departments, service providers, and program participants on a timely basis. This has allowed EWDD to pay contractors without delay and on time. The Reserve Fund Loan will be reimbursed upon receipt of payments from the California Volunteers Office at the end of the grant period. However, while this remedial process will help bridge some of the funding gaps for the department’s contractors in the interim, it also presents additional administrative burdens being created to manage an increasingly challenging staffing shortfall.

## Persistent Challenges

- **Competing grant management requirements with decreasing staff and administrative resources.** EWDD’s level of administrative and fiduciary responsibility related to maintaining a budget that is 96.1% of grants funded presents unique challenges to finding viable solutions to invoice processing and other administrative functions. The growth of EWDD’s budget, a +202% change over five years, is significant however staffing capacity has remained stagnant over the same period. In Fiscal Year 2023–24, EWDD is 96% special and grant-funded, representing a diverse

funding portfolio with more than 20 grant fund streams implementing nearly 120 grant programs and more than 100 independent appropriation accounts. Each grant requires its own reporting oversight on a monthly, quarterly, semi-annual, and annual basis. Some grants are subject to additional processes, including complaint resolution, administrative appeals, independent investigation, indirect cost rate negotiations, and financial reviews. For this reason, it is very difficult to implement a single, generalized process to govern all grant and invoice fulfillment activities.

Due to limited resources and difficulty in recruiting and retaining compliance (auditor) positions, timely grant administration is increasingly challenging and presents major risks to EWDD's grant portfolio. EWDD is exploring outsourcing and creative hiring yet recognizes the barriers that remain considering the City's recent fiscal limitations.

## **Conclusion**

Minimizing the department's impact on the City's General Fund in the immediate term and moving toward a continued reduction in reliance on the General Fund depends on EWDD's capacity to effectively administer the current grant portfolio now and into the future. For this reason, one of EWDD's top priorities as it prepares for PY50 is to accelerate its efforts to fill vacancies to continue building upon the achievements presented in this report. The highlighted achievements were made possible by filling critical accounting, auditing, and leadership roles. One of the most important takeaways from this program year for the department is the immediate impact that hiring key staff can have on moving the needle to build the necessary operational infrastructure to manage its current grant and program portfolios.

Additionally, strategic investments in technology solutions are necessary to create lasting solutions to invoice management and improve the department's efficiency.







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