

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: May 26, 2016

To: Honorable Council President Herb J. Wesson, Jr.
Rules, Elections, Intergovernmental Relations and Neighborhoods Committee

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Subject: **DEPARTMENT OF WATER AND POWER – GOVERNANCE REFORM
(C.F. 16-0093) – REPORT BACK ON HIRING AND EXEMPTIONS**

SUMMARY

On April 13, 2016, the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee (Committee) (Fuentes – Wesson – O'Farrell; C.F. 16-0093) considered the City Administrative Officer/Chief Legislative Analyst (CAO/CLA) report on governance reform options for the Department of Water and Power (Department; DWP) dated April 5, 2016. The Committee instructed CAO and CLA to report back on various issues, and in some instances, instructed other departments to also report back. To facilitate the discussion, the CAO and CLA have prepared a series of reports organized to align with the chapters presented in the report dated April 5, 2016. Where applicable, other departments have participated in the development of the material contained herein.

The Committee instructed the CAO and CLA to report back on:

1. Options to modify personnel functions within DWP, identify changes that require Charter amendment and changes that can be handled without Charter amendment; and,
2. Options to increase exempt positions at DWP.

DISCUSSION - HIRING

The CAO and CLA held discussions with DWP and the Personnel Department (Personnel) to discuss options available with respect to personnel services. Personnel and DWP held additional discussions about service issues and DWP's desired outcomes.

Charter Changes

Charter Section 540 establishes that the "Personnel Department shall have the power and duty to administer the civil service system in accordance with the civil service provisions of Article X of the Charter and the civil service rules established by the Board of Civil Service Commissioners, and perform any other employment-related duties as may be prescribed by

ordinance." The effect of this provision is that Personnel is the only entity in the City that can complete classification studies, conduct examinations and handle hiring for all departments, including DWP. In order to assign all personnel responsibilities to DWP, the Charter would need to be amended. Further discussions with City Attorney would be required to determine the exact sections and language that would be necessary.

Administrative Changes

Personnel submitted information outlining four staffing scenarios to support DWP's recruitment and examination efforts. Personnel reports that there are 121 classifications that are specific to DWP and 184 classifications that are common to all City departments, including DWP. DWP reports that there are 56 classifications that are critical to their mission, of which 27 are DWP-only classifications and 29 are common to all City departments, including DWP. Personnel currently has three positions that are billed to DWP pursuant to a Memorandum of Agreement and two positions funded since 2007-08 for DWP examining support.

Personnel reports that the examination preparation process currently takes 120 days. Under all four scenarios, Personnel reports that this process could be reduced to 60 days, assuming maximum cooperation from all parties that provide input into the process. Personnel reports that the time required to complete DWP examinations currently takes an average of 116 days based on eligible lists established over the past six months. Personnel reports that this process could be expedited under all four scenarios, however there will be varying degrees of efficiency loss due to replicating certain functions. There are various advantages and disadvantages to each option.

Each of these scenarios could be implemented by budgetary action by the City and agreement between the two departments. The establishment of dedicated resources could also be handled by ordinance for clarity and delineation of authority. These options are presented for discussion purposes and do not represent the complete set of alternatives; the plan that may ultimately work best for both departments may be some combination of these proposals. If there is a desire by the policy makers to pursue personnel service improvements by administrative change, CAO and CLA can facilitate discussions with DWP and Personnel to develop a comprehensive strategy.

Option 1

Establish a dedicated unit at DWP to handle DWP-only classifications (121 classifications). This unit would be located at DWP and report to Personnel. All remaining classifications would be handled by Personnel. Personnel proposes to add 25 new positions in order to staff this dedicated unit handling all aspects of classification and examinations.

Under this scenario, Personnel reports that staff would be able to focus on DWP examinations, eliminating the possibility of competing priorities from other departments. However, this would result in a loss of direct contact with Personnel management and expertise, reduce collaboration among the divisions and reduce efficiencies achieved by economies of scale.

Option 2

Establish a dedicated unit located at Personnel to handle DWP-only classifications. The remaining classifications would continue to be handled by Personnel. Personnel proposes to add 25 new positions in order to staff this dedicated unit handling all aspects of classification and examinations.

Under this scenario, Personnel reports that staff would be able to concentrate on DWP priorities, maintain continuity of established practices, and ensure compliance with the Charter and Civil Service Rules. However, this would result in loss of economies of scale and duplication of some resources.

Option 3

Add resources at Personnel to handle recruitment and examinations for DWP-only and common classifications. Personnel proposes to add seven new positions within current Personnel sections to work exclusively on DWP examinations. Compared to options 1 and 2, this option would serve DWP's needs in the broadest terms because resources would be added to Personnel that would address all examinations needed by DWP.

Under this scenario, Personnel reports that staff would be able to focus on DWP examinations, easily access department expertise and resources, maintain continuity of examinations, and ensure compliance with the Charter and Civil Service Rules.

Option 4

Establish a dedicated unit at Personnel to process the 56 critical classifications identified by DWP. Personnel proposes to add six new positions within current Personnel sections to work exclusively on DWP critical examinations. Compared to the other options, this option is the most focused alternative because it dedicates resources to address DWP's most critical needs.

Under this scenario, Personnel reports that staff would be able to focus exclusively on DWP priorities, ensure examination expertise in test validation to meet professional and legal standards. However, this may result in some loss of economies of scale.

Timeline for Implementation

Based on discussions with both departments, several options have been presented that could improve personnel services at DWP. These options can be formalized by ordinance for clarity and to delineate lines of authority. Alternatively, the details of the selected option can be negotiated by the departments as to required resources and expected outcomes and memorialized by budget action by the City and a memorandum between the departments. The agreement would need to address improvements to expedite processes, specific milestones and clearly address lines of accountability. CAO and CLA would be available to assist with this process. In both cases, the timeline would be subject to the regular Mayor and Council review process for off-budget program requests.

DISCUSSION - EXEMPTIONS

Charter Section 1001 provides for the use of exempt positions throughout the City, including certain positions that are automatically exempted under Charter Section 1001(a). Charter Section 1001(b) establishes up to 150 positions that may be exempt from the civil service provisions of the Charter for the purpose of "providing management or professional, scientific, or expert services of an exceptional character." In November 2014, Council increased the number of exempt positions under this section by 50 for a total of 200 allowable exemptions for this purpose. In addition, Charter Section 1001(c) authorizes up to 15 additional exemptions in DWP.

As of March 30, 2016, the Personnel Department reports DWP has 3 positions automatically exempted under Charter Section 1001(a), 4 exempt positions approved under Charter Section 1001(b) and 15 positions exempted pursuant to Charter Section 1001(c) for a total of 21 exempt positions. This represents approximately 0.2% of DWP's total authorized regular positions in Fiscal Year 2015-16.

Administrative Changes

There are two options for providing DWP with greater flexibility in hiring through additional exempt positions without a change to the Charter.

One option is for the Mayor and Council to approve exempt positions for DWP within the current limit of exempt positions providing professional, scientific, or expert services of an exceptional character. As of May 11, 2016, the Mayor's Office reports the current number of approved exemptions is 167 positions of the current citywide limit of 200 positions for this provision. Further, the Mayor's Office reported there are no requests pending as of that date which equates to 33 available exemptions citywide. Along with all City departments, DWP may submit requests to the Mayor and Council for approval of the available exempt positions within the current limit of allowable exemptions.

Another option is Council may, by ordinance adopted by two-thirds vote, increase the maximum number of exempt positions provided in Charter Section 1001(b) to no more than one percent of the regular authorized positions in the City workforce potentially resulting in an additional 183 exempt positions citywide. Assuming the Charter use of regular authorized positions in the City workforce is intended to mean all authorized regular civilian, sworn, and proprietary positions, the total number based on the 2016-17 Proposed Budget would be 48,215 positions. One percent of that total would be 482 positions.

The Charter also states, however, that if Council authorizes the maximum number of exempt positions, then all Deputy Chiefs of Police (12 positions), those positions at the level of Assistant General Manager exempted under Charter Section 1001 (a)(4) (62 positions), and those positions in the Proprietary Departments exempted under Charter Section 1001(c) (25 positions) would count toward the total one percent. When these 99 positions are added to the 167 currently exempt positions under Charter Section 1001 (b), the total number of

currently exempt positions Citywide is 266 positions with the authority to approve 33 more under the current limit for subsection(b).

Should the City Council adopt an ordinance to increase the number of exempt positions to the maximum allowable amount, the potential number of new exempt positions would be approximately 183 positions. This Council action would increase the total available exemptions for citywide purposes. However, DWP may submit requests to the Mayor and Council for approval of additional exempt positions at that time.

DWP reports the approval of additional exempt positions within the current or increased limit of allowable exemptions will allow DWP the flexibility to recruit and hire the most qualified candidates who possess the necessary experience and expertise the Department needs for the specific positions.

Charter Changes

Although there are additional exempt positions that can be approved for DWP without a change to Charter, the Department reports the limited number of additional positions are not sufficient to provide the level of flexibility in hiring necessary to meet the operational needs of the Department.

An amendment to Charter Section 1001(c) would increase the number of exemptions authorized specifically for DWP either by a fixed number of positions or as a percentage of authorized regular authorities at DWP. The Department has stated a desire to increase the number of exempt positions and states this will allow the Department to rapidly secure expert, professional, and technical staff as well as quickly hire and respond to emergencies. In addition, the Department reports a sufficient increase to the number of exempt positions will allow the Department to respond to the rapidly changing technological needs of the industry and ramp up staff in specific functions as needed.

As an alternative, increasing the number of exempt positions could be addressed if the Charter is changed to permit increased exemptions through the collective bargaining process. This concept is contemplated by the proposed Charter Section 1025, which was discussed in the CAO/CLA report dated April 5, 2016. The City Attorney will need to assist with the specific language necessary to accomplish this change, if Council chooses to pursue this option.

Timeline for Implementation

The timeframe for implementation of additional exempt positions for the Department within the current Charter language is based on the existing approval process for the exemption of a position under the provisions of Charter Section 1001(b). The Department must submit a request to the Mayor and the Mayor is responsible for reviewing and forwarding recommendations for exemption of the requested positions to the City Council. The City Council may within ten meeting days from receipt of the Mayor's recommendation disapprove the recommendation with a two-thirds vote. If the Council does not act within this time period, the Mayor's recommendation is deemed approved.

Should the Council choose to increase the maximum allowable exempt positions by Ordinance, further time would be required to draft and approve the ordinance in addition to the time required for the subsequent approval process of exempt positions.

Should City Council choose the option of amending Charter Section 1001(c) to increase the number of authorized exempt positions for DWP, the approval process by the Mayor and Council would proceed upon approval of the Charter amendment.