

BT

## BUDGET & FINANCE

### PUBLIC WORKS

#### MOTION

In the Second Financial Status Report (FSR) of 2023-24, the City Administrative Officer (CAO) reported that General Fund revenues through October were \$93 million below plan and expenditures were \$297 million above plan.

The collective fiscal impacts of a revenue shortfall, overspending, and the ongoing risk of an economic downturn require the City to take immediate actions to balance the budget and protect the City's credit ratings. Maintaining high grade credit ratings is imperative for the City to obtain capital at a fair rate and essential to the delivery of constituent services. The magnitude of the revenue shortfall and overspending gap combined, underscores the need for actions beyond the customary approach.

Additionally, the ongoing impact of the new labor agreement with the Los Angeles Police Protective League and tentative labor agreements with the Coalition of LA City Unions are projected to create substantial challenges for the fiscal outlook of the City. As the CAO reported in the First FSR, projections for the cost of continuing current service levels exceeds projected revenues by \$192 million in 2024-25, incorporating the tentative agreements with the Coalition into the outlook, as well as potential impacts from yet to be negotiated agreements, widens the deficit gap to a range between \$350 million to \$400 million in 2024-25.

The budget shortfalls combined with the action to slow hiring may put at risk infrastructure projects that are fully and partially funded. It is critical to the safety and wellbeing of our City that we move quickly to complete all fully funded projects and close the gaps on any project that is shovel ready. We must leverage project funding that comes from various sources with our City workforce to deliver important projects.

In order to ensure these projects are completed and that the City considers project impacts and credit ratings before proceeding with city workforce adjustments the CAO and CLA should ask all departments for a detailed inventory of pending projects. The CAO and CLA should also begin to analyze budgetary impacts of contracting with the private sector versus utilizing the City workforce to complete projects. .

I THEREFORE MOVE that Chief Legislative Analyst, with the assistance of the City Administrative Officer, and all necessary departments report to Council with a detailed inventory on pending infrastructure projects and project delivery impacts due to City workforce current and proposed shortages.

I FURTHER MOVE that the Chief Legislative Analyst, with the assistance of the City Administrative Officer, report on impacts to the City's credit rating if projects are not completed and funds must be relinquished or refinanced.

I FURTHER MOVE that the Chief Legislative Analyst, with the assistance of the City Administrative Officer, report on the budgetary impacts of utilizing the private sector to complete City projects versus the City workforce.

PRESENTED BY:

  
MONICA RODRIGUEZ  
Councilwoman, 7<sup>th</sup> District

SECONDED BY:



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