

Fiscal Concerns & Prioritization of Critical Hiring

Presentation to the Honorable Members of the Los Angeles City Council



City Administrative Officer
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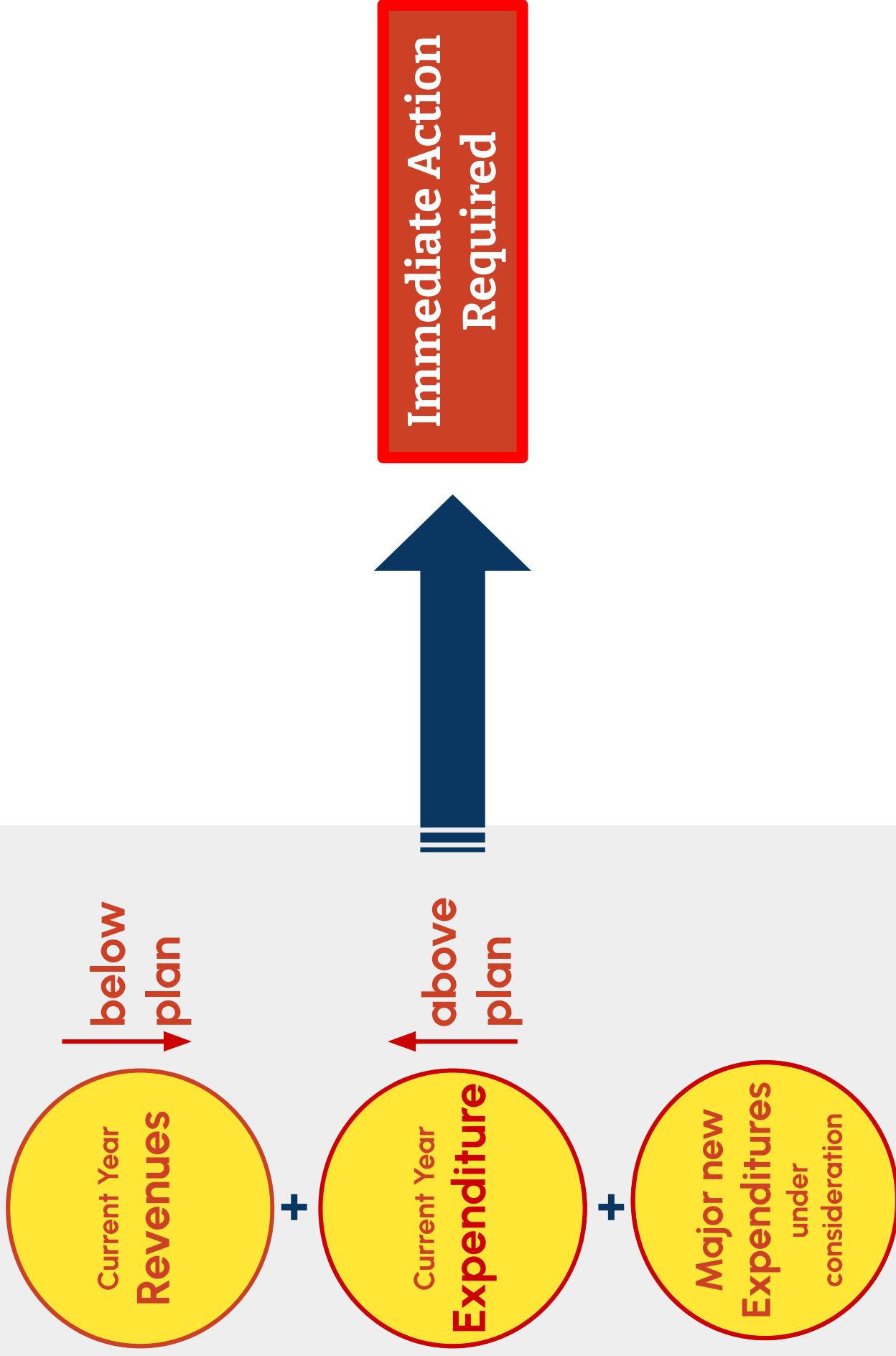


OVERVIEW

1. Current Financial Challenges
2. Addressing the Challenges
3. [Blank]
4. Recommendations

Current Financial Challenges

Fiscal Concerns



Current Financial Challenges

General Fund revenues are below plan



Largest shortfalls are in economically sensitive taxes:

Business Tax (\$32M)
Sales Tax (\$18M)

In part due to recent strikes and declining demand under inflation

TOT (\$15M)

Lower international tourism receipts attributed to China's economic slowdown

Doc. Transfer Tax (\$25M)

Higher interest rates continuing to impact property sales volume and price

Current Financial Challenges

Current year expenditures are above plan

Projected
FY 23-24
Overspending
\$297M

Second FSR Actions &
Identified Potential
Future Actions



Unresolved
Overspending
\$143M

Current Financial Challenges

Summary



Revenues
down
\$158M



Expenditures
up
\$143M

Recent & Forthcoming Employee Contracts

Police Sworn

Coalition

Non-Coalition Civilians

Fire Sworn

**Without
Immediate
Action...**

**\$350-400M
Deficit**

in Fiscal Year 24-25



Addressing the Challenges

Addressing the Challenges

1

Limit non-critical hiring immediately

2

Eliminate non-critical vacancies this year

3

Pursue revenue opportunities

4

Consider restructuring

1 Limit Non-Critical Hiring

Recommended positions not requiring review

Critical Public Health and Safety	Proprietary & Special Funded Depts.
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Public Works - Bureau of Sanitation

Livability Services Division positions, Refuse Collection Truck Operator II, Wastewater Collection Worker I-II, Wastewater Collection Supervisor, Wastewater Treatment Operator I-III, and Senior Wastewater Treatment Operator

Personnel Department

Correctional Nurses I-III and Advance Practice Providers

Police Department

Sworn positions, Detention Officers, Senior Detention Officers, Police Service Representatives I-III, and Senior Police Service Representatives I-II

Fire Department

Sworn positions, EMS Advanced Providers, and EMS Advanced Provider Supervisors

Department of Building and Safety

All positions

Library Department

All positions

Proprietary departments

Airports
Harbor
DWP
LACERS
LAFPP

1 Limit Non-Critical Hiring

Priority Critical Hiring - Recommended criteria include:

Public **health** or public **safety**

Legal mandates, liabilities, and risk mitigation

Homelessness response

Positions fully paid for by special funds that are **not subsidized by the GF**

Targeted Local Hire and **Bridge to Jobs** programs for critical services

Revenue generating positions

Current Status of Department Vacancies

4,823

Vacant Positions
(Excluding Proprietaries)

19%

City-wide
Vacancy Rate

Largest Number of Vacancies in:

Sanitation (807 | 21%)

Street Services (425 | 27%)

Transportation (394 | 21%)

Recreation & Parks (389 | 20%)

Library (301 | 23%)

General Services (275 | 18%)

Engineering (226 | 23%)

2 Addressing the Challenges

Elimination of Non-Critical Vacant Positions

Recommendations will take into consideration the following criteria:

- **Length** of the vacancy
- Source of **funding**
- Ability of the department to **absorb the work**
- **Service level** data
- **No layoffs** will occur

Addressing the Challenges Service Impacts

Minimal immediate service impacts

But will impact plans to **increase
services** or to **launch new programs**

3 Addressing the Challenges

Revenue Exploration

The City Administrative Officer, with assistance of various City departments, plans to report on **opportunities to update fees** for service and **other revenue enhancement opportunities** including ballot measures for new revenue sources for the General Fund.

3 Addressing the Challenges

Revenue Exploration

Fees that are not full cost recovery

\$302M

in General Fund Subsidies

Includes:

Stormwater Pollution Abatement Fund	\$17M
Solid Waste Resource Revenue Fund (SWRRF)	\$65M
Planning Case Processing Special Fund	\$21M
Recreation & Parks	\$105M

4 Addressing the Challenges

Consider Restructuring

The City Administrative Officer plans to report back with recommendations on the **restructuring of services, programs, and/or other organizational components** of the City that will be necessitated by the elimination of positions.

Summary of Recommendations

1

Instruct all City Departments to **limit all hiring to the critical areas.**

2

Instruct the CAO, in collaboration with the Office of the Mayor and the CLA, to develop and implement a **process for prioritizing critical hiring.**

3

Instruct the CAO to **report monthly** to the City Council following the implementation of the priority critical hiring process.

4

Instruct the CAO to propose the **elimination of all non-critical vacant positions.**

5

Instruct the CAO to **report on the restructuring** of services, programs, and/or other organizational components of the City that will be necessitated by the elimination of positions.

6

Instruct the CAO, with assistance of various City departments, to **report on opportunities to update fees** for service and other revenue enhancement opportunities including ballot measures.



Office of the City Administrative Officer
cao.lacity.org
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Police Hiring

9,493

