

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

April 22, 2025

ASSISTANT
CITY ADMINISTRATIVE OFFICERS

PATRICIA J. HUBER
BEN CEJA
YOLANDA CHAVEZ
EDWIN GIPSON II

MATTHEW W. SZABO
CITY ADMINISTRATIVE OFFICER

Honorable Members of the Budget and Finance Committee
Office of the City Clerk
200 North Spring Street, City Hall, Room 395
Los Angeles, CA 90012

Dear Honorable Members:

Thank you for the opportunity to provide my comments on the 2025-26 Proposed Budget for the Office of the City Administrative Officer (CAO, C.F. 24-0600). As requested by the Chair of the Budget and Finance Committee, this letter will detail the core services of my Office as well as my requested alterations to the 2025-26 Proposed Budget. I have also included an attachment with the current organizational chart for the Office, with changes made as part of the 2025-26 Proposed Budget annotated, as instructed.

This year is the most challenging budget development cycle of my tenure as CAO. Stagnating revenues, increased costs for liabilities, enhanced employee compensation, and costly wildfires have combined to create an extremely difficult financial situation, necessitating severe spending reductions.

When looking at the 2025-26 Proposed Budget for the CAO, it may at first appear my Office was spared from these reductions, as the budget shows a 17.7 percent funding increase. However, this increase is predominantly associated with the transfer of funding for the Unarmed Model of Crisis Response (UMCR) program, which was formerly budgeted within the Unappropriated Balance. When accounting for this technical transition of funding to the CAO's budget along with one new position added that will be fully reimbursed by the Department of Water and Power (DWP), the Office is actually experiencing a 10 percent funding reduction. A total of 20 positions have been eliminated, offset by the addition of the one new DWP position, for a net reduction of 19 positions, representing an 11 percent reduction in staffing. Of the 20 position eliminations, 11 are currently filled.

Below are the core services performed by the dedicated staff in my Office:

- Budget, grant, financial, and contractual analysis;
- Revenue estimating and long term financial planning;
- Debt management and investor relations;
- Employee relations;
- Citywide risk management services;
- Municipal facilities and physical plant capital project oversight;

- Disaster grant administration;
- Comprehensive Homeless Strategy implementation support; and,
- Citywide procurement oversight.

Reductions to Citywide Procurement Oversight

The service area in my Office predominantly impacted by the 2025-26 Proposed Budget reductions is citywide procurement oversight. The budget proposes to eliminate 16 positions, consisting of one City Procurement Officer, one Senior Management Analyst I, and 14 Management Analysts. This reduction represents an 84 percent decrease in staffing for this function, from 19 positions to three positions. The three remaining positions include a Chief Management Analyst and two Senior Management Analyst IIs. Of the 16 positions eliminated, 10 Management Analyst positions are currently filled. In addition to the position eliminations, there is a reduction of \$500,000 in Contractual Services funding.

This function was established by ordinance within my Office, and is responsible for recommending and implementing data-driven, citywide improvements to procurement policy, process, and technology to achieve operational excellence. The staff provide guidance and resources to contracting staff in all City departments, as well as to the vendor community, and are responsible for the administration and continuing expansion of the City's procurement platforms, including the Regional Alliance Marketplace for Procurement (RAMP), to create and maintain centralized procurement operations.

Specific impacts associated with this reduction are anticipated to include:

- Elimination of technical support for vendors regarding usage of the RAMP application and the City's contracting processes, which will negatively impact the City's efforts to offer more contracting opportunities, including Los Angeles Organizing Committee for the 2028 Olympic and Paralympic Games (LA28) opportunities, to small, diverse, and local businesses;
- Elimination of procurement training for City department staff, including on the City's complex procurement requirements as well as on the usage of the RAMP applications, resulting in inconsistent procedures and likely reduced compliance with City policies;
- Elimination of recent enhanced functionalities incorporated into the RAMP application to centralize and digitize procurement, such as e-bidding, proposal evaluation, 1022 evaluation, risk management review, and contract attestation, resulting in a return to manual, more time-intensive, and inconsistent practices; and,
- Inability to provide reporting on Citywide contracting, including related to the amount of City contract funding allocated to small, diverse, and local businesses.

It is also important to note that while the 10 Management Analyst filled positions slated for elimination are within the Citywide procurement oversight function, due to the City's complex layoff process which assesses seniority of all individuals within the classification, the staff within these specific positions may not be the same employees who are laid off. The CAO has Management Analysts with unique expertise performing critical functions in numerous other services within the Office, including risk management, Comprehensive Homeless Strategy implementation support, and budgetary analysis, who may be impacted by these layoffs.

Given the magnitude of reductions to the citywide procurement oversight function, and associated office-wide impacts, I request an alteration to the Proposed Budget which does not have a budgetary impact. I propose that the Council restore five of the filled Management Analyst positions, to be offset by the elimination of two vacant Senior Administrative Analyst II positions. One of these Senior Administrative Analyst II positions is assigned to the Citywide Grants Unit, and would perform analysis of grant opportunities, work with departments to submit grant applications, and assist with reporting on grant funding. The second Senior Administrative Analyst II position is assigned to the Climate Impact Team and would coordinate citywide efforts to reduce Greenhouse Gas Emissions.

The cost to restore the five Management Analyst positions would be \$580,400, including direct salary and related costs. The savings from eliminating the two Senior Administrative Analyst II positions is \$574,754. The minimal difference could be offset with a one-time salary reduction (\$5,646). This proposal is detailed in the chart below:

Position Classification	Function	Net Salary*	Related Costs**	TOTAL COST
<i>POSITIONS REQUESTED FOR RESTORATION</i>				
9184-0 - Management Analyst	Procurement	\$73,888	\$42,192	\$116,080
9184-0 - Management Analyst	Procurement	\$73,888	\$42,192	\$116,080
9184-0 - Management Analyst	Procurement	\$73,888	\$42,192	\$116,080
9184-0 - Management Analyst	Procurement	\$73,888	\$42,192	\$116,080
9184-0 - Management Analyst	Procurement	\$73,888	\$42,192	\$116,080
TOTAL COST				\$580,400
<i>VACANT POSITIONS PROPOSED FOR ELIMINATION</i>				
1541-2 - Senior Administrative Analyst II	Grants	\$202,741	-\$84,636	-\$287,377
1541-2 - Senior Administrative Analyst II	Climate Impact Team	-\$202,741	-\$84,636	-\$287,377
TOTAL SAVINGS				-\$574,754
DIFFERENCE BETWEEN TOTAL COST AND TOTAL SAVINGS				\$5,646
PROPOSED ONE-TIME SALARY REDUCTION				-\$5,646
COST IMPACT OF PROPOSED ALTERNATIVES TO THE PROPOSED BUDGET				\$0

*Net Salary incorporates the CAO's five percent salary savings rate as well as the four-months funding included in the 2025-26 Proposed Budget for the filled positions eliminated.

**Related costs are calculated using the 2025-26 Add/Delete Rate.

The 2025-26 Proposed Budget also includes an instruction within Exhibit H to transfer the three remaining positions for this function to the Department of Public Works, Bureau of Contract Administration (BCA). The transfer of this function from my Office to BCA is a policy decision for the Council and the Mayor. If the Council elects to proceed with this transfer, the instruction in Exhibit H would need to be amended to add any positions restored for this function if my alternative proposal is approved. In addition, if this transfer proceeds, I would appreciate the opportunity to have discussions with the Director of BCA to determine the appropriate organizational structure for this function in his organization. Based on the staffing remaining in BCA after reductions in that Bureau, it may be appropriate to also eliminate the

existing Chief Management Analyst position, which would allow for the restoration of two additional filled Management Analyst positions.

Additional Reductions

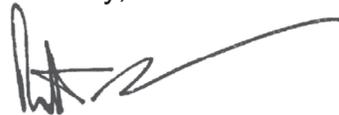
In addition to Citywide Procurement Oversight, the other function supported by my Office that is proposed for elimination is the Innovation and Performance Commission (IPC), including the appropriation to the Innovation Fund and one filled Senior Project Coordinator position in my Office that supports the Commission. The primary impact of this reduction will be the elimination of funding provided for pilot projects awarded by the IPC to various City departments.

My Office will manage to the extent possible without the resources provided by the remaining reductions, which include:

- The elimination of three additional vacant positions:
 - One Administrative Analyst that would provide analysis of grant opportunities, work with departments to submit grant applications, and assist with reporting on grant funding;
 - One Labor Relations Specialist that would assist with the negotiation and implementation of various employee labor Memoranda of Understanding; and,
 - One Senior Labor Relations Specialist II previously assigned to the Human Resources and Payroll project, which was anticipated to transition to act as a full-time Departmental Personnel Officer for my Office.
- The one-time elimination of an additional \$600,000 in expense funding, which includes:
 - \$300,000 in Contractual Services, which will eliminate funding for asset management and real estate studies;
 - \$175,000 in Contractual Services, which will reduce funding from \$275,000 to \$100,000 for actuarial and consulting services for retirement and employee benefit studies requested by the Executive Employee Relations Committee;
 - \$25,000 in Contractual Services, which will reduce funding from \$100,000 to \$75,000 for economic and revenue analysis studies; and,
 - \$100,000 in Salaries, As-Needed, which will eliminate the CAO's internship program.

Thank you for this opportunity to address the Committee. My staff and I look forward to working with your Committee, and the entire City Council, during this year's extremely difficult budget development process. Please do not hesitate to reach out to me or Executive Officer Patty Huber should you need any additional information.

Sincerely,



Matthew W. Szabo
City Administrative Officer

Attachment: Annotated CAO Organizational Chart

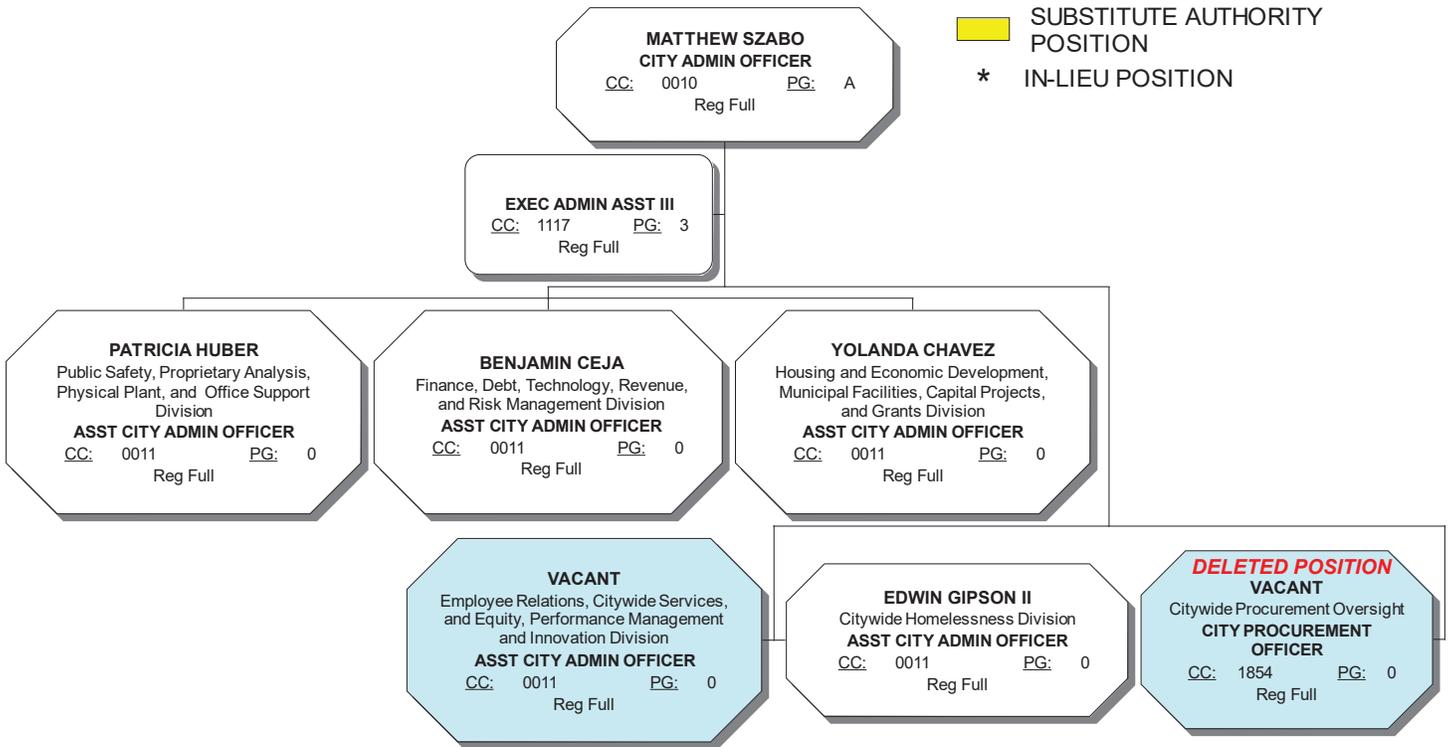


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
- SUBSTITUTE AUTHORITY POSITION
- * IN-LIEU POSITION



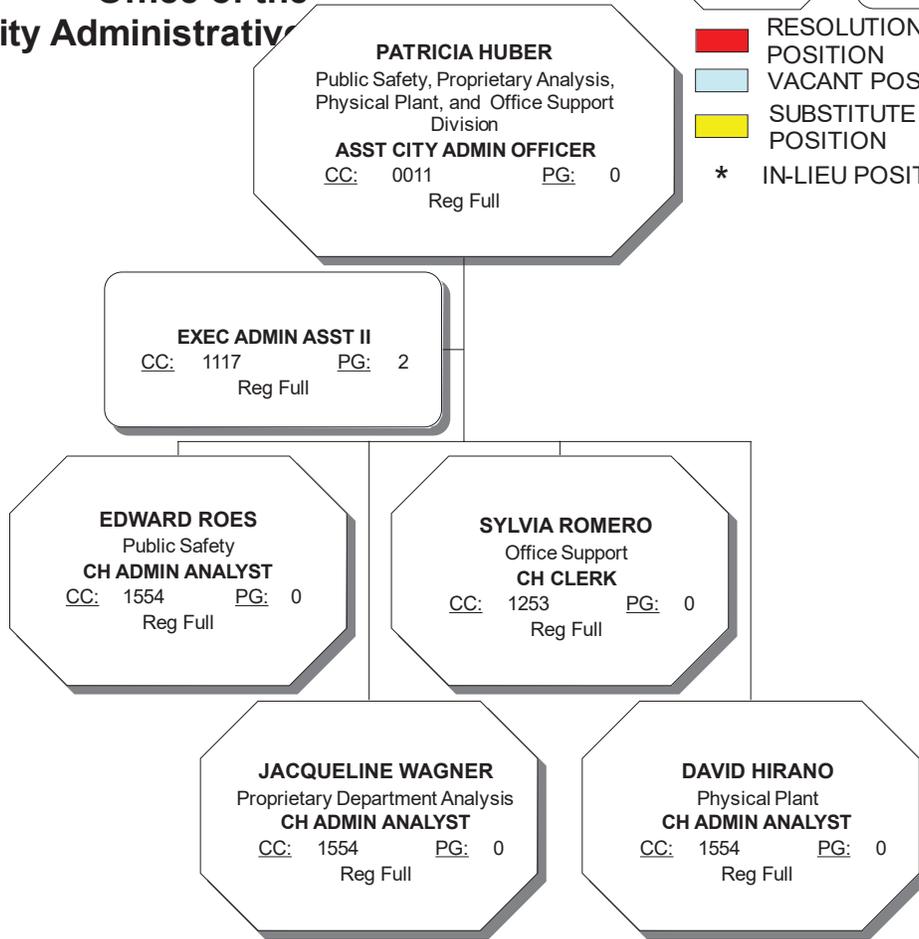


Organization Chart for Office of the City Administrator

LEGEND



- RESOLUTION AUTHORITY POSITION
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- * IN-LIEU POSITION



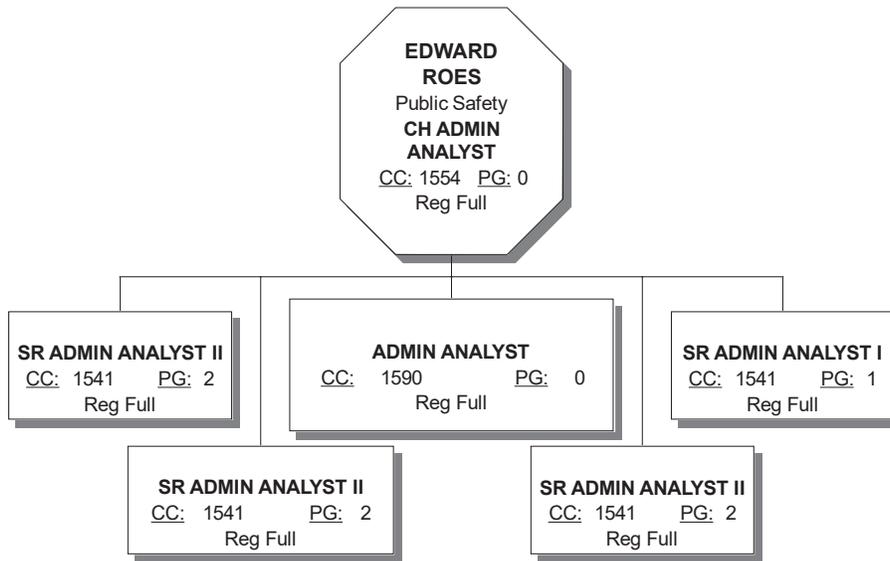


Organization Chart for Office of the City Administrative Officer

LEGEND



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Primary functions of this Section:

- *Liaison budget analysts for Police, Fire, Animal Services, City Attorney*
- *Liability Claims budget administration*
- *Homeland Security Grants review and reporting*
- *Disaster Grants administration*
- *Emergency Operations Center response*

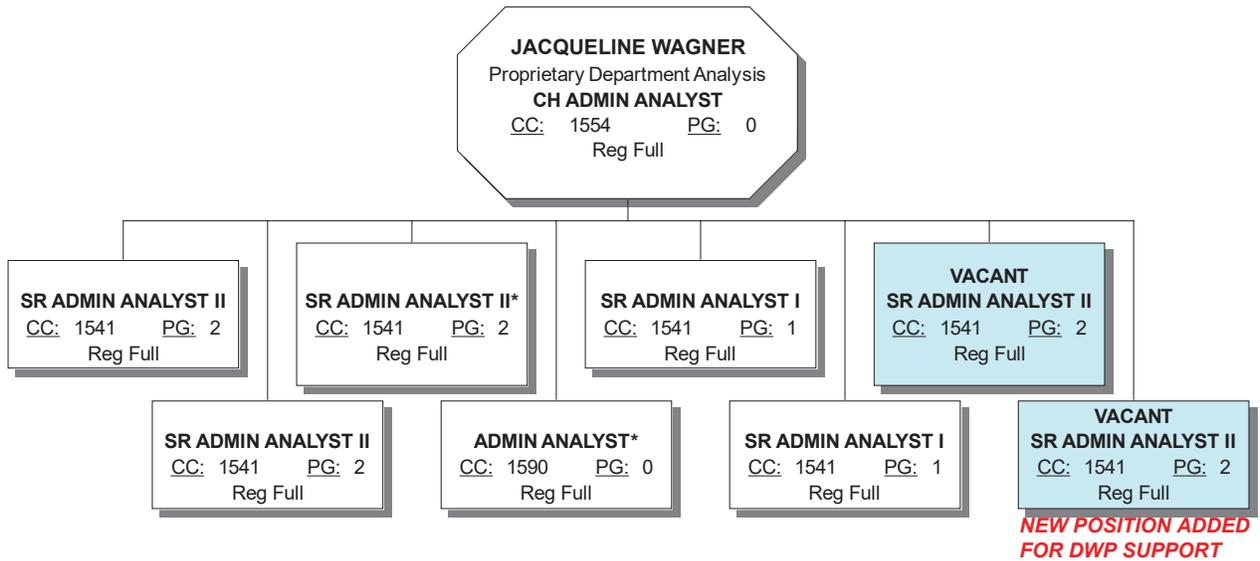


Organization Chart for Office of the City Administrative Officer

LEGEND



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Primary functions of this Section:

- Liaison budget analysts for the proprietary departments - Airports, Harbor, DWP
- Liaison budget analysts for Sanitation and Office of Public Accountability
- Stormwater capital projects oversight



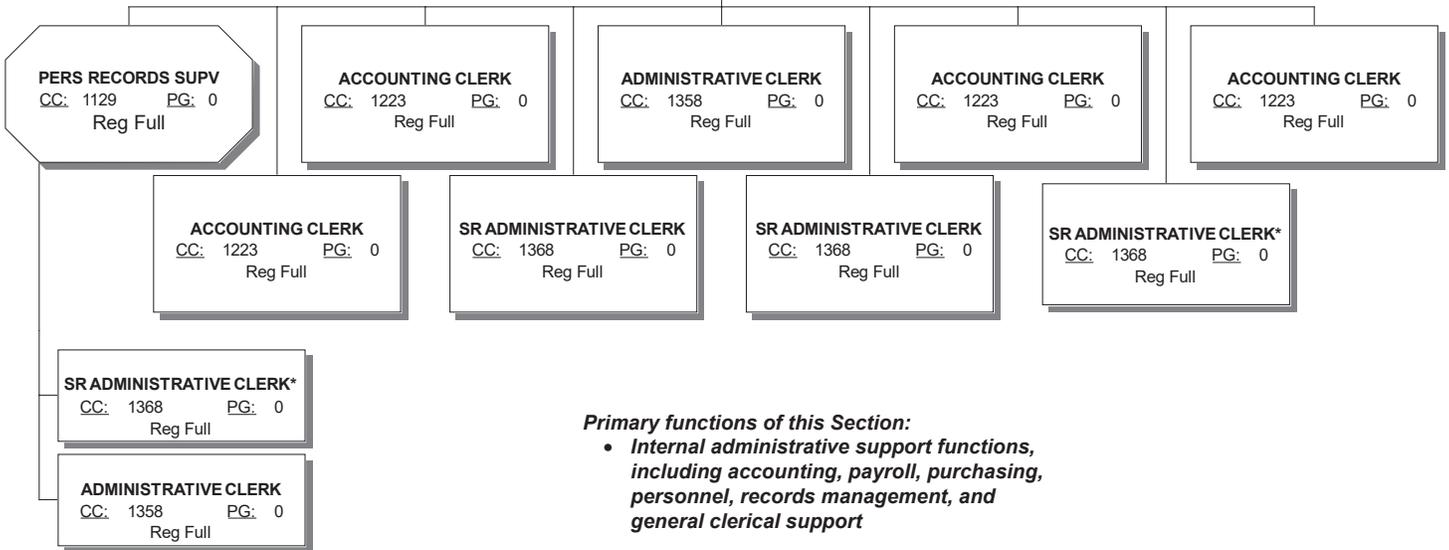
Organization Chart for Office of the City Administrative Officer

**2025-26 Contract Funding:
Lease and maintenance of
photocopiers - \$36,449**

LEGEND



- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
- SUBSTITUTE AUTHORITY POSITION
- * IN-LIEU POSITION



Primary functions of this Section:

- **Internal administrative support functions, including accounting, payroll, purchasing, personnel, records management, and general clerical support**

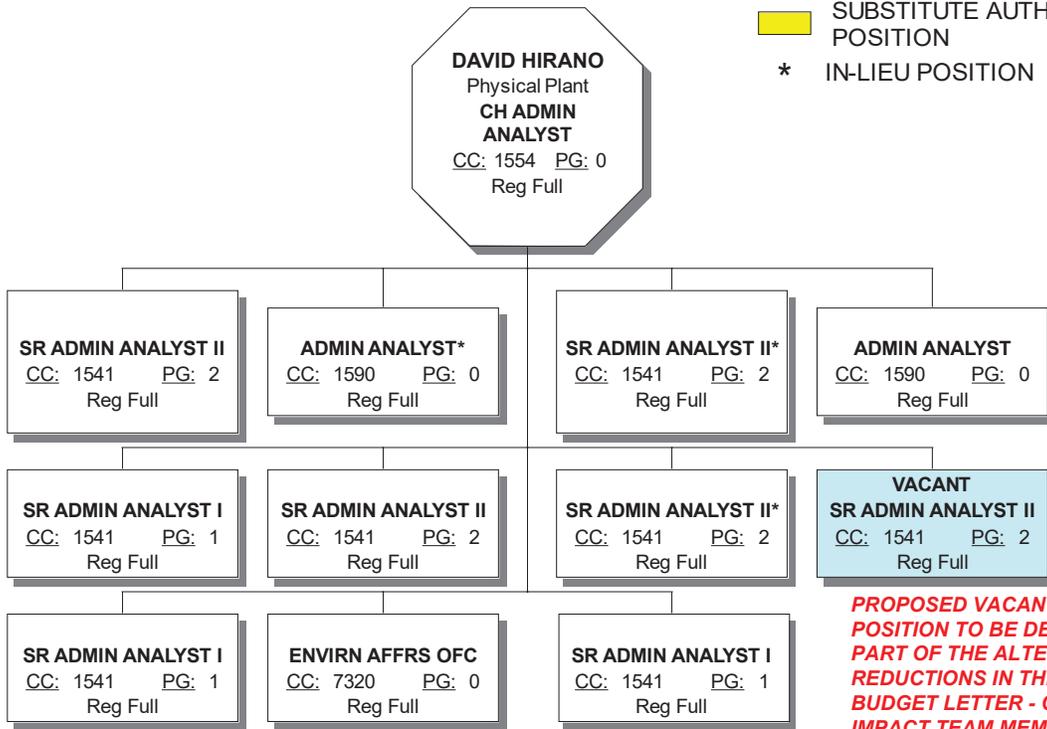


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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- SUBSTITUTE AUTHORITY POSITION
- * IN-LIEU POSITION



- Primary functions of this Section:**
- *Liaison budget analysts for the Board of PW, Contract Administration, Engineering, Street Lighting, Street Services, Transportation*
 - *Physical Plant capital projects oversight*
 - *Climate Impact Team*

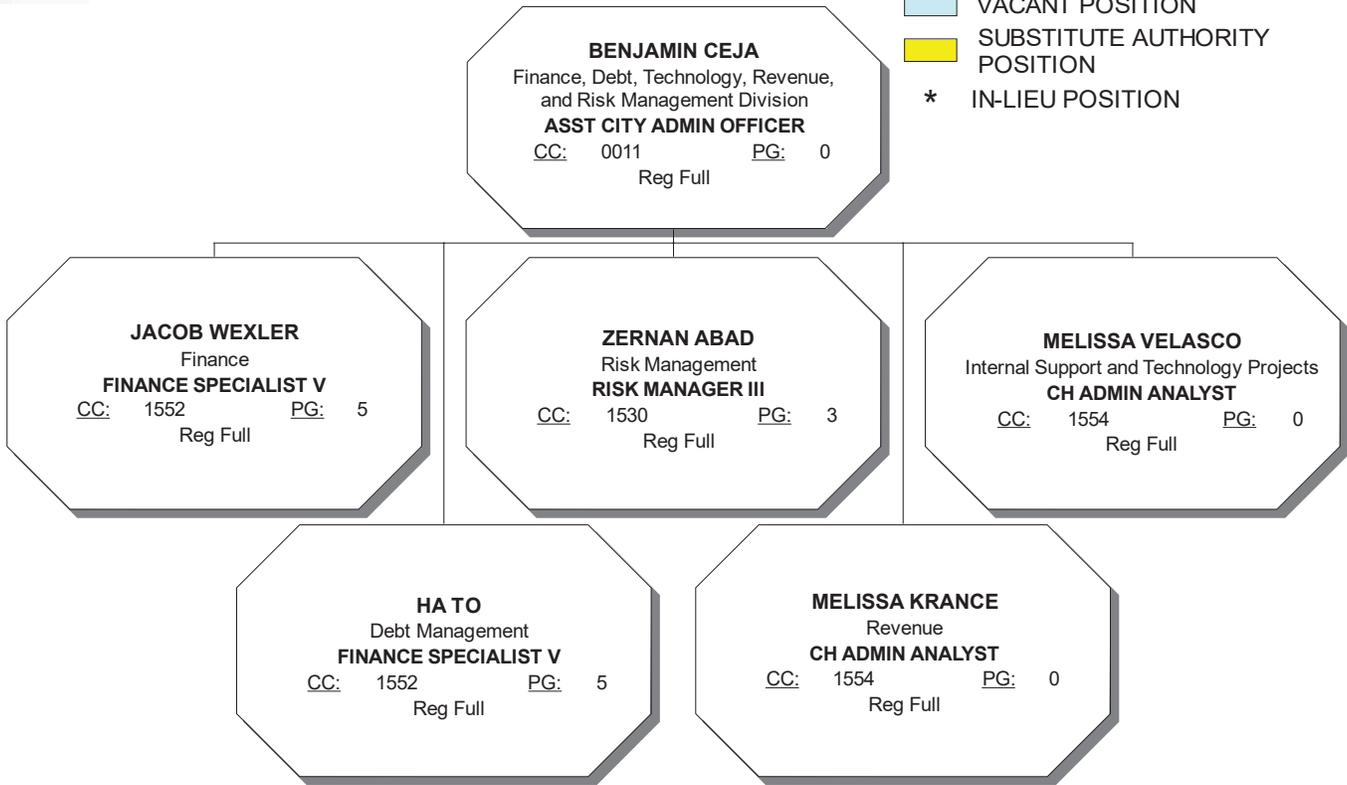


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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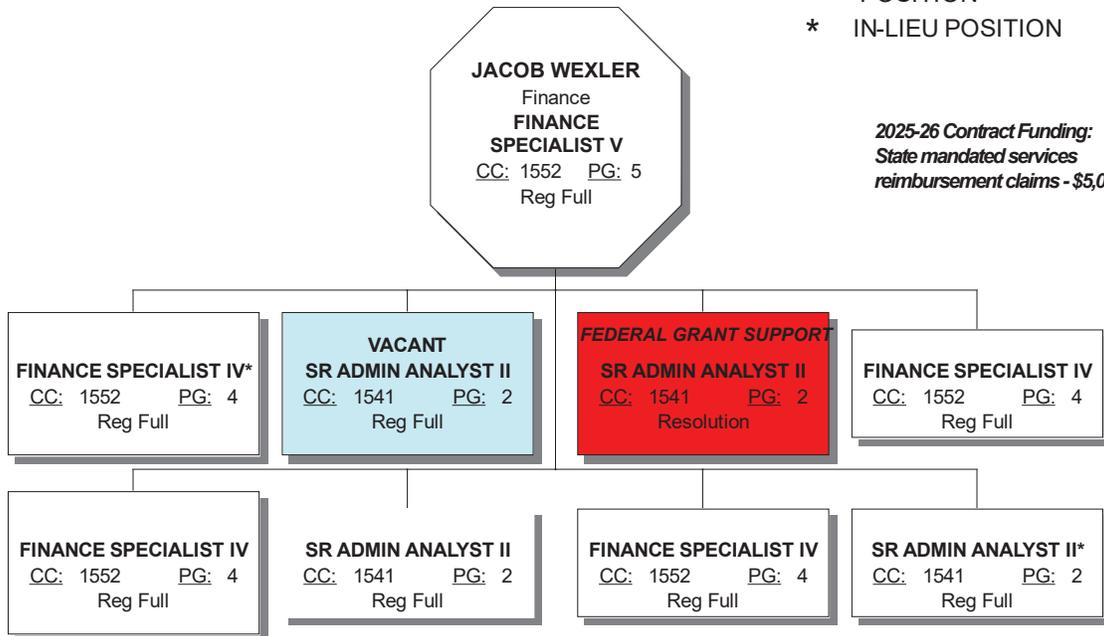
Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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*2025-26 Contract Funding:
State mandated services
reimbursement claims - \$5,000*



Primary functions of this Section:

- *Coordination of the Proposed Budget*
- *Coordination of Citywide personnel authority documents, such the DPOs*
- *Financial Status Report preparation*
- *ARPA grant administration*
- *Liaison budget analyst for the Controller, LACERS, and LAFPP*
- *Budgeting for centralized funding such as the UB, GCP, Reserve Fund*

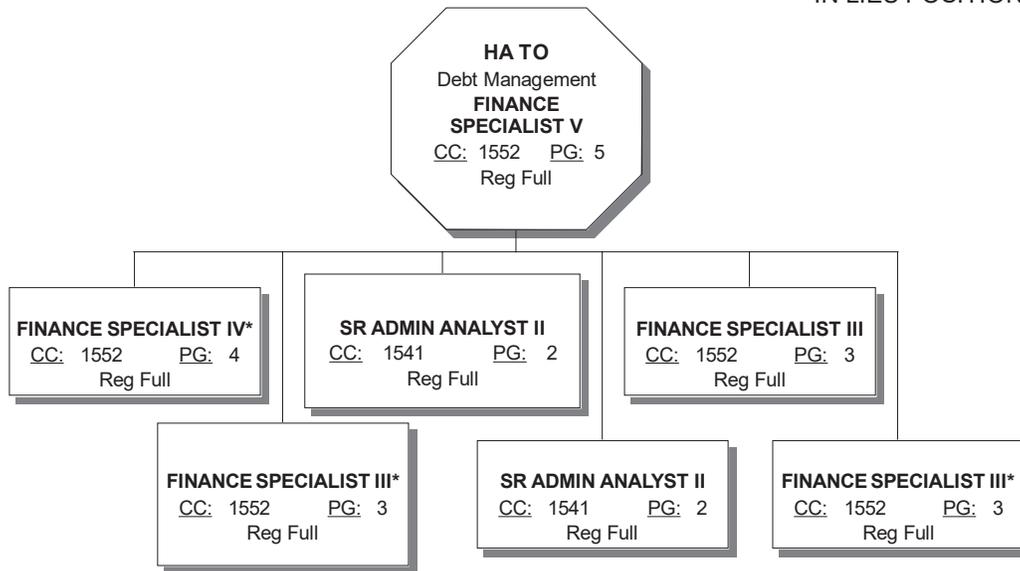


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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- * IN-LIEU POSITION



Primary functions of this Section:

- *Managing MICLA financings*
- *Issuance and management of bonds*
- *Implementing the Investor Relations Program*
- *Meeting with rating agencies*
- *Administering hotel incentive agreements*
- *Liaison budget analyst for Office of Finance and Convention and Tourism development*
- *Capital Finance Administration*
- *Tax and Revenue Anticipation Notes*



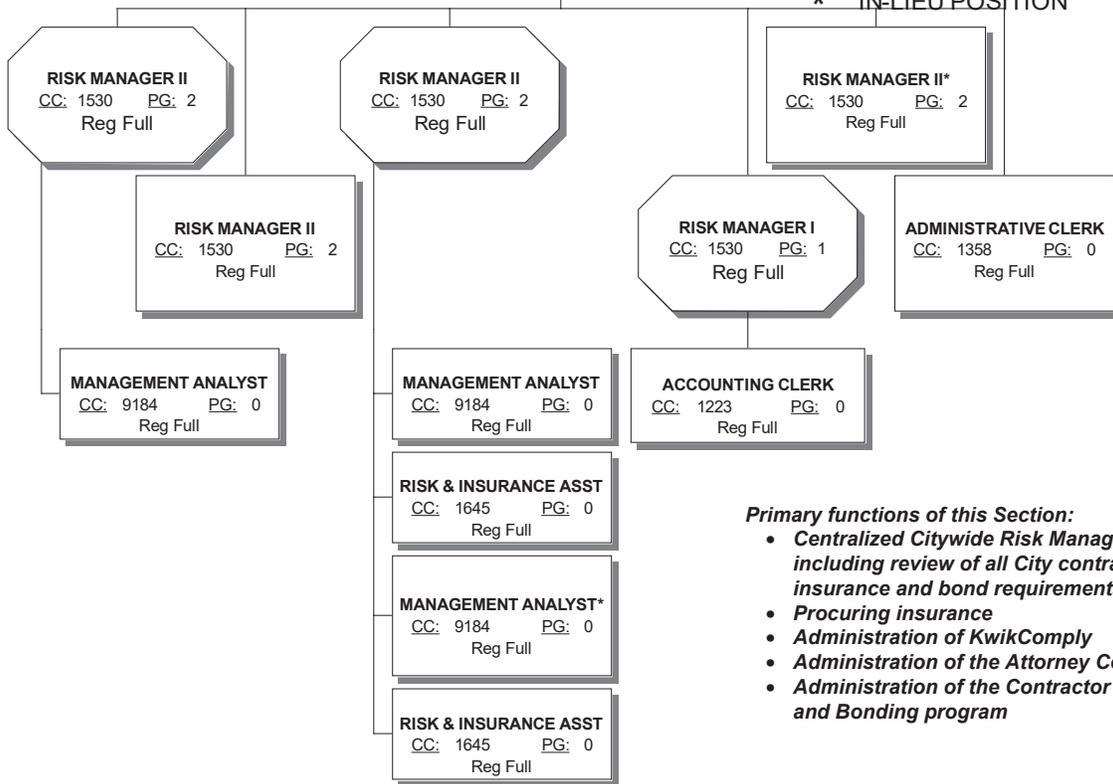
Organization Chart for Office of the City Administrative Officer

ZERNAN ABAD
Risk Management
RISK MANAGER III
CC: 1530 PG: 3
Reg Full

LEGEND



- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
- SUBSTITUTE AUTHORITY POSITION
- * IN-LIEU POSITION



- Primary functions of this Section:**
- Centralized Citywide Risk Management, including review of all City contracts for insurance and bond requirements
 - Procuring insurance
 - Administration of KwikComply
 - Administration of the Attorney Conflicts Panel
 - Administration of the Contractor Development and Bonding program

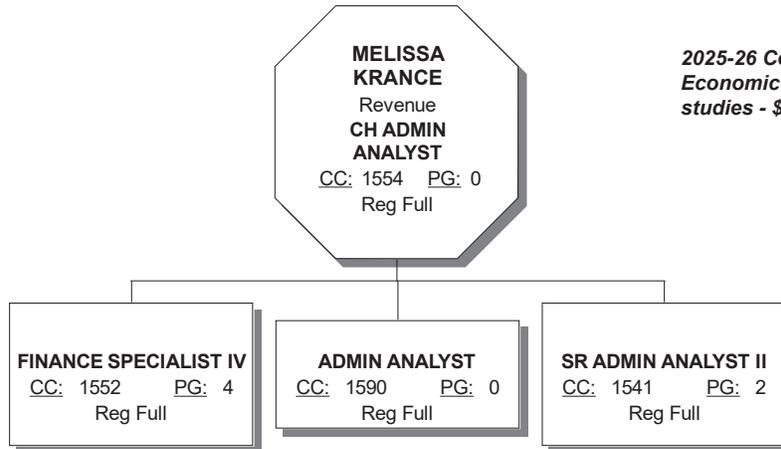


Organization Chart for Office of the City Administrative Officer

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**2025-26 Contract Funding:
Economic and revenue analysis
studies - \$75,000**

Primary functions of this Section:

- **General Fund revenue projections**
- **Analysis of revenue policies**
- **Administration of the Office of Economic Analysis**
- **Proprietary department billing**
- **Liaison budget analyst for the Emergency Management Department**

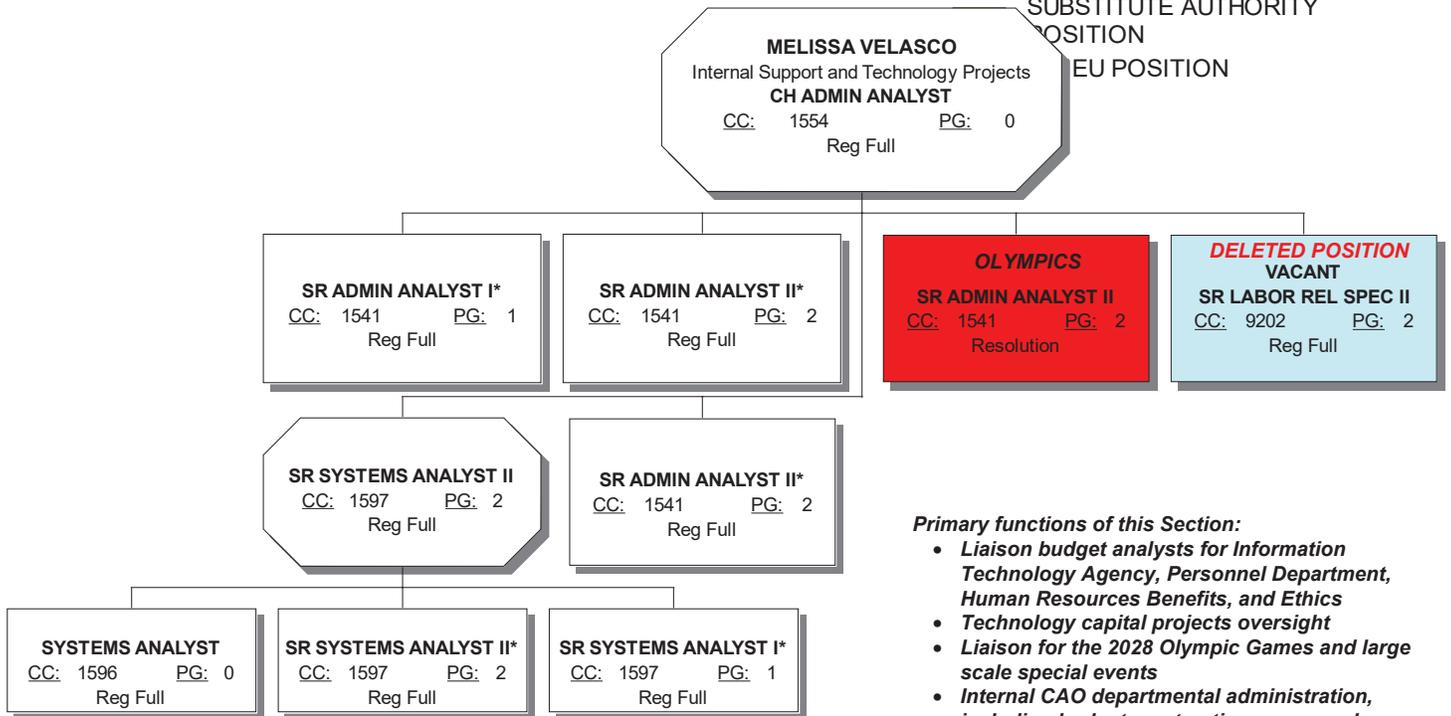


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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- LEU POSITION



Primary functions of this Section:

- Liaison budget analysts for Information Technology Agency, Personnel Department, Human Resources Benefits, and Ethics
- Technology capital projects oversight
- Liaison for the 2028 Olympic Games and large scale special events
- Internal CAO departmental administration, including budget, contracting, personnel authorities, and staff training
- Internal departmental systems and technology support

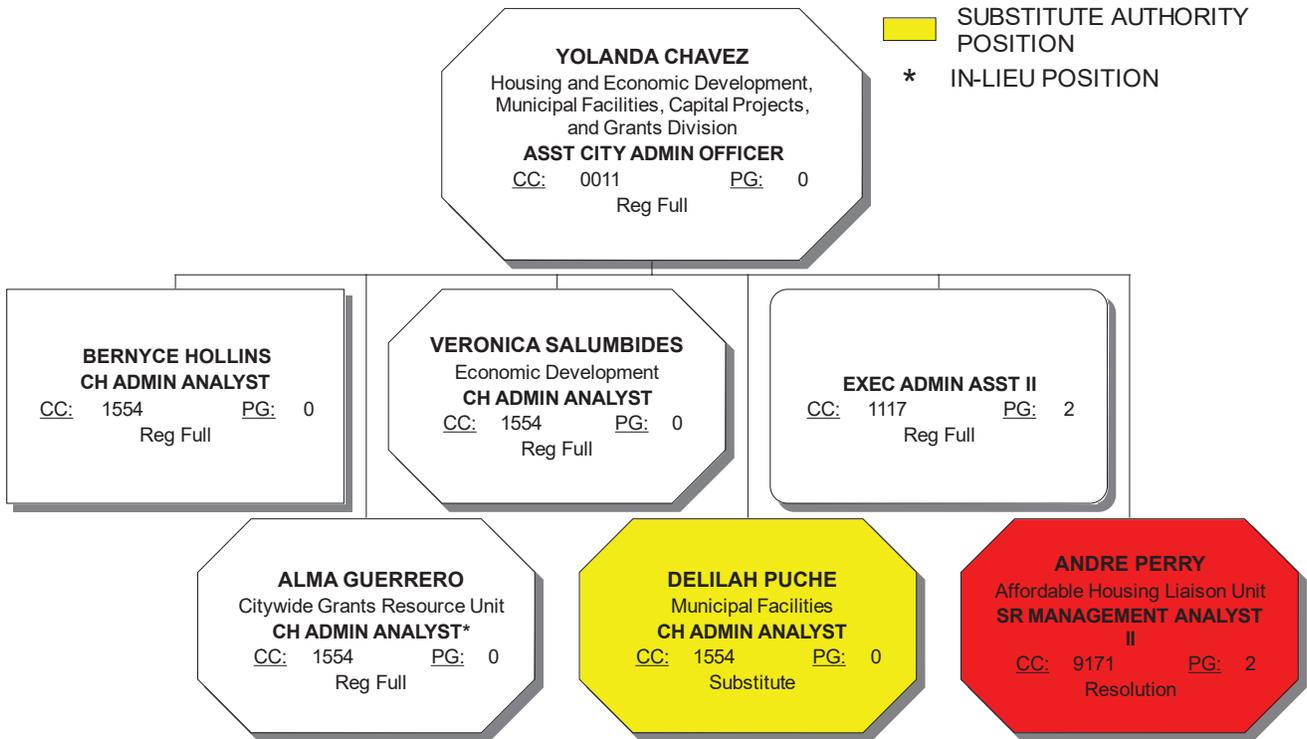


Organization Chart for Office of the City Administrative Officer

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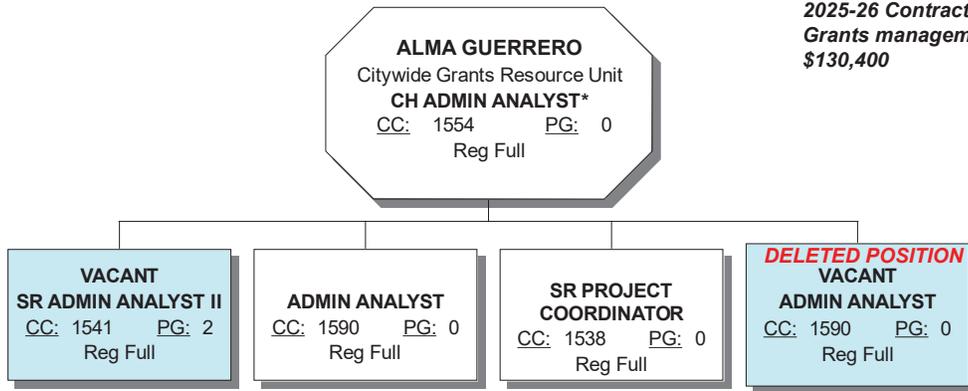
Organization Chart for Office of the City Administrative Officer

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- * IN-LIEU POSITION

2025-26 Contract Funding:
Grants management database -
\$130,400



**PROPOSED VACANT
POSITION TO BE DELETED
AS PART OF THE
ALTERNATIVE REDUCTIONS
IN THE CAO'S BUDGET
LETTER - GRANTS**

Primary functions of this Section:

- Centralized Citywide grants oversight, coordination, administration, and reporting

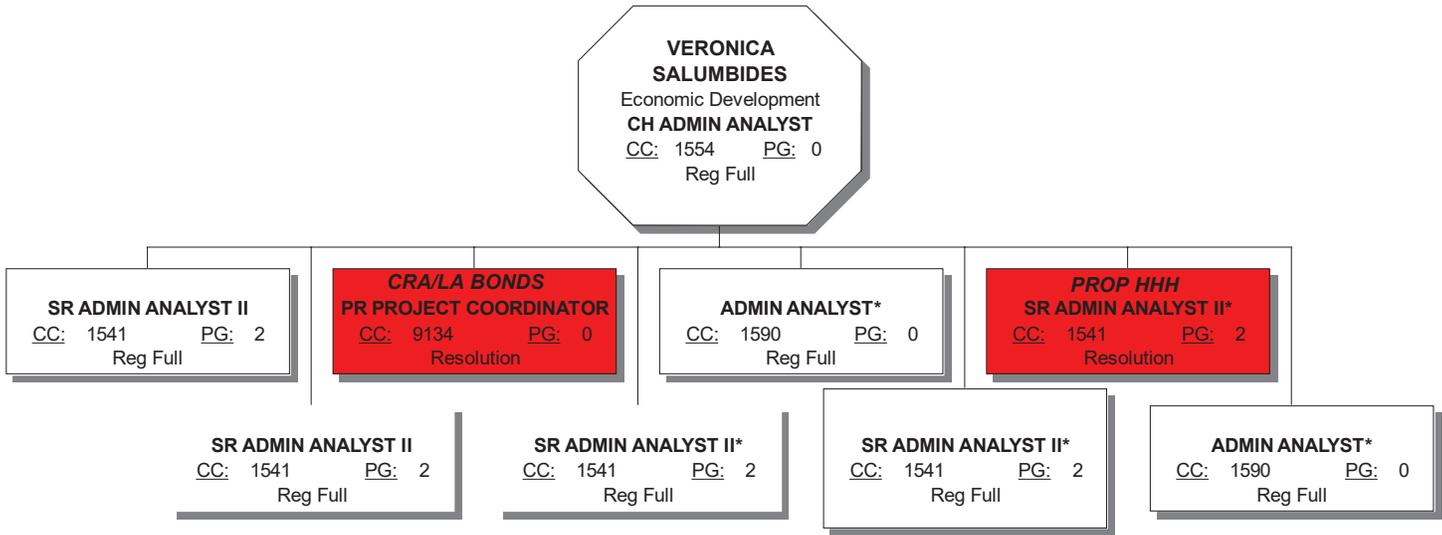


Organization Chart for Office of the City Administrative Officer

LEGEND



- RESOLUTION AUTHORITY POSITION
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Primary functions of this Section:

- *Liaison budget analysts for Economic and Workforce Development, Cannabis Regulation, Housing, Community Investment, Building and Safety, Planning, Mayor, and Council*
- *Administration of Prop HHH and CRA/LA Bonds*



Organization Chart for Office of the City Administrative Officer

Primary functions of this Section:

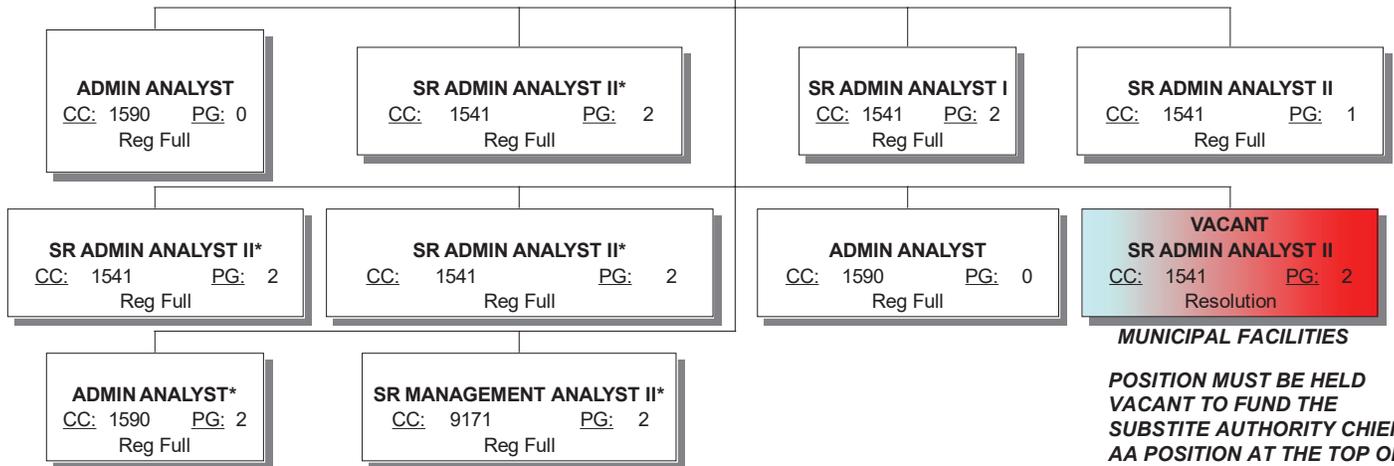
- *Liaison budget analyst for General Services, including leasing and petroleum*
- *Municipal Facilities Committee coordination*
- *Administration of the Proposition K program*
- *Municipal Facilities capital projects oversight*
- *Construction Projects Report preparation*
- *Citywide space planning*
- *Asset management*

LEGEND



- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
- SUBSTITUTE AUTHORITY POSITION
- * IN-LIEU POSITION

DELILAH PUCHE
Municipal Facilities
CH ADMIN ANALYST
CC: 1554 PG: 0
Substitute



MUNICIPAL FACILITIES
POSITION MUST BE HELD VACANT TO FUND THE SUBSTITUTE AUTHORITY CHIEF AA POSITION AT THE TOP OF THIS PAGE

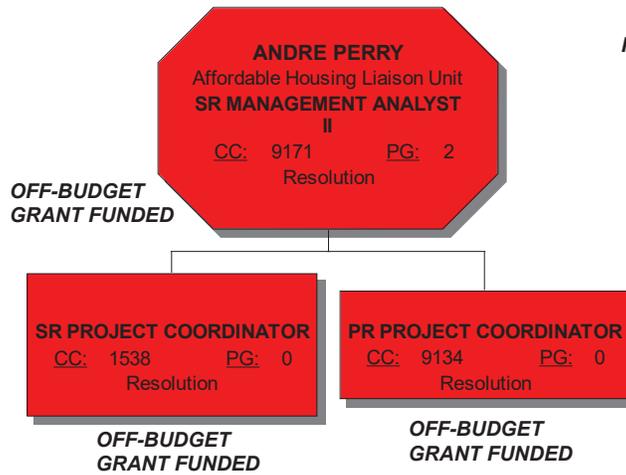


Organization Chart for Office of the City Administrative Officer

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Primary functions of this Section:

- **Affordable Housing Liaison Unit**

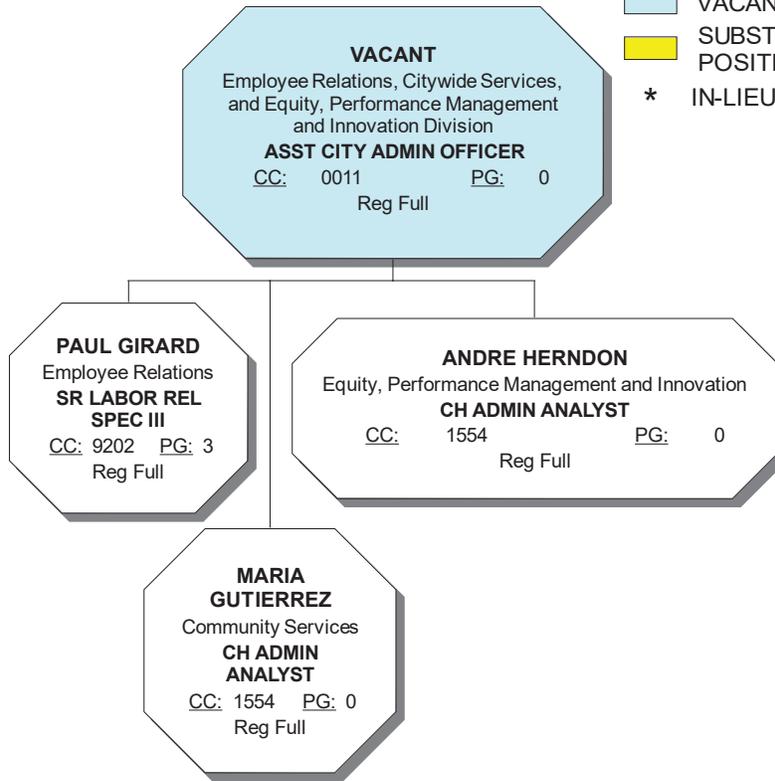


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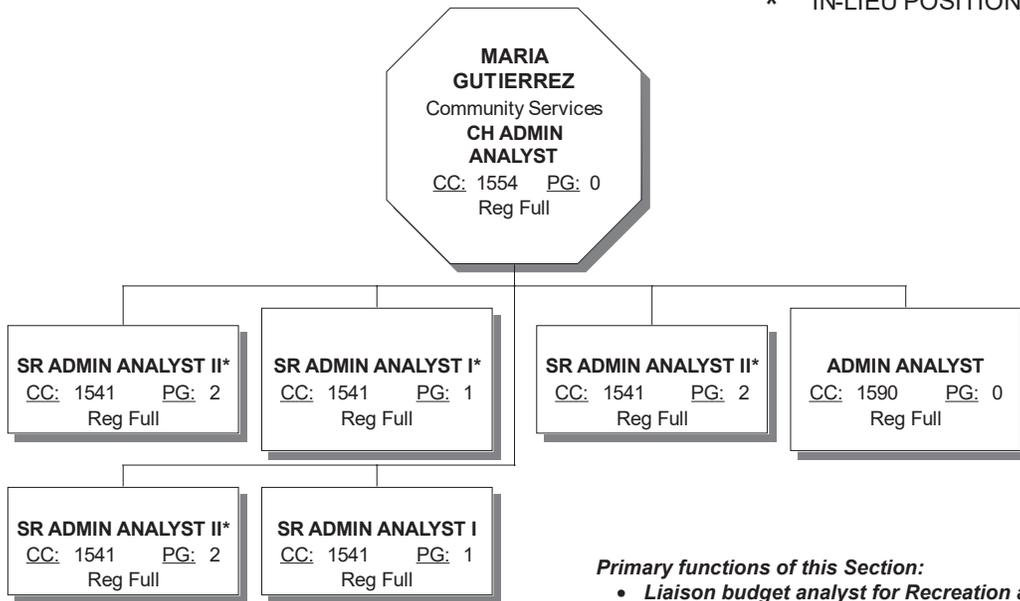


Organization Chart for Office of the City Administrative Officer

LEGEND



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Primary functions of this Section:

- *Liaison budget analyst for Recreation and Parks, Library, Zoo, Neighborhood Empowerment, City Clerk, Aging, Disability, Cultural Affairs, El Pueblo, Civil and Human Rights and Equity, and Youth Development departments*
- *Administration of the contract for the LA Marathon*



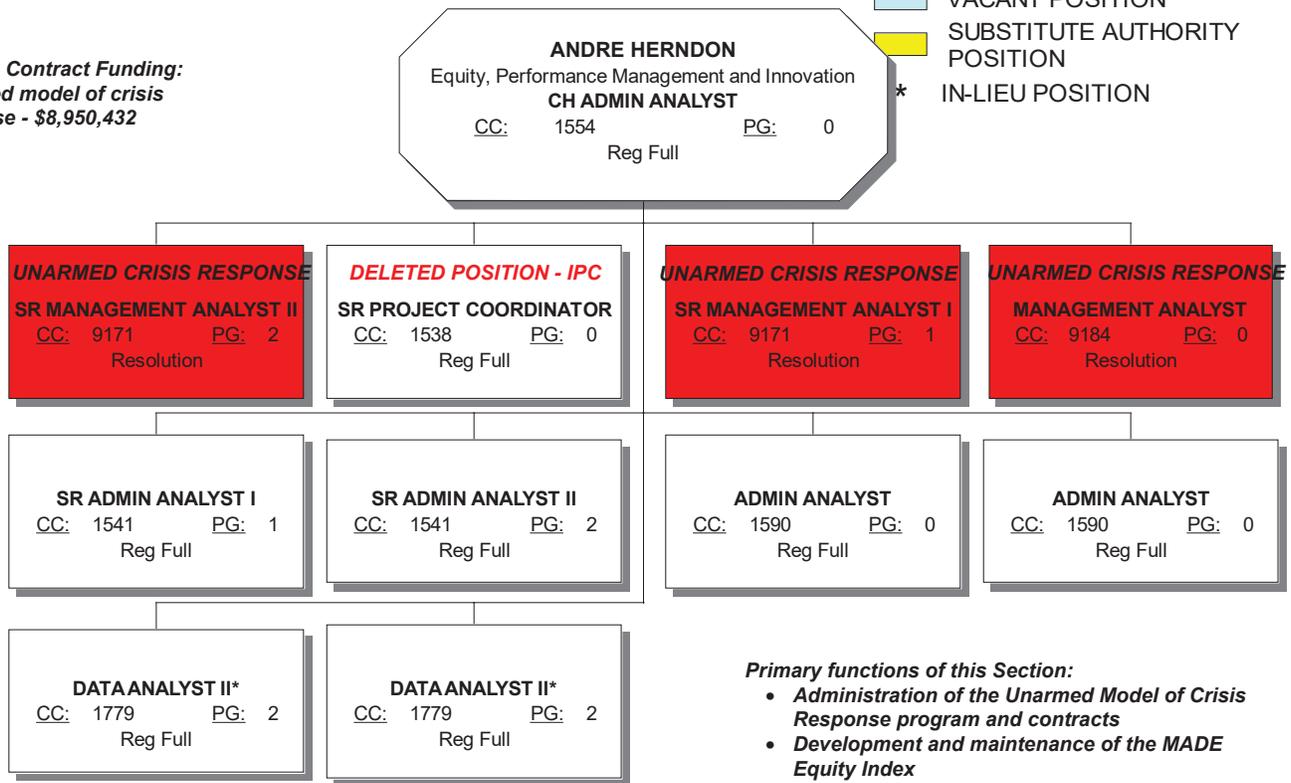
Organization Chart for Office of the City Administrative Officer

2025-26 Contract Funding:
Unarmed model of crisis
response - \$8,950,432

LEGEND



- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
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- * IN-LIEU POSITION



Primary functions of this Section:

- Administration of the Unarmed Model of Crisis Response program and contracts
- Development and maintenance of the MADE Equity Index
- Innovation and performance management

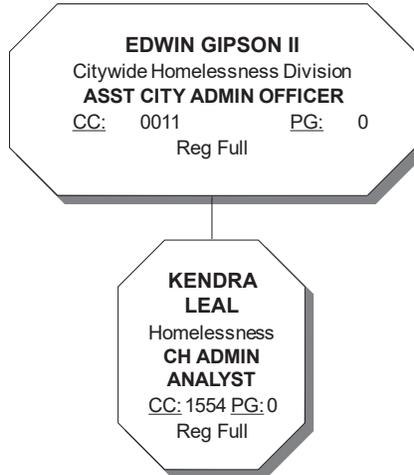


Organization Chart for Office of the City Administrative Officer

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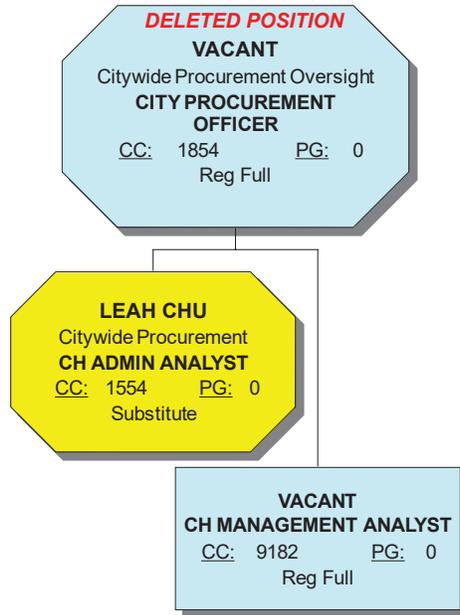


Organization Chart for Office of the City Administrative Officer

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- RESOLUTION AUTHORITY POSITION
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**POSITION MUST BE HELD
VACANT TO FUND THE
SUBSTITUTE AUTHORITY CHIEF AA
POSITION ON THIS PAGE**



Organization Chart for Office of the City Administrative Officer

LEAH CHU
Citywide Procurement
CH ADMIN ANALYST
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Substitute

LEGEND

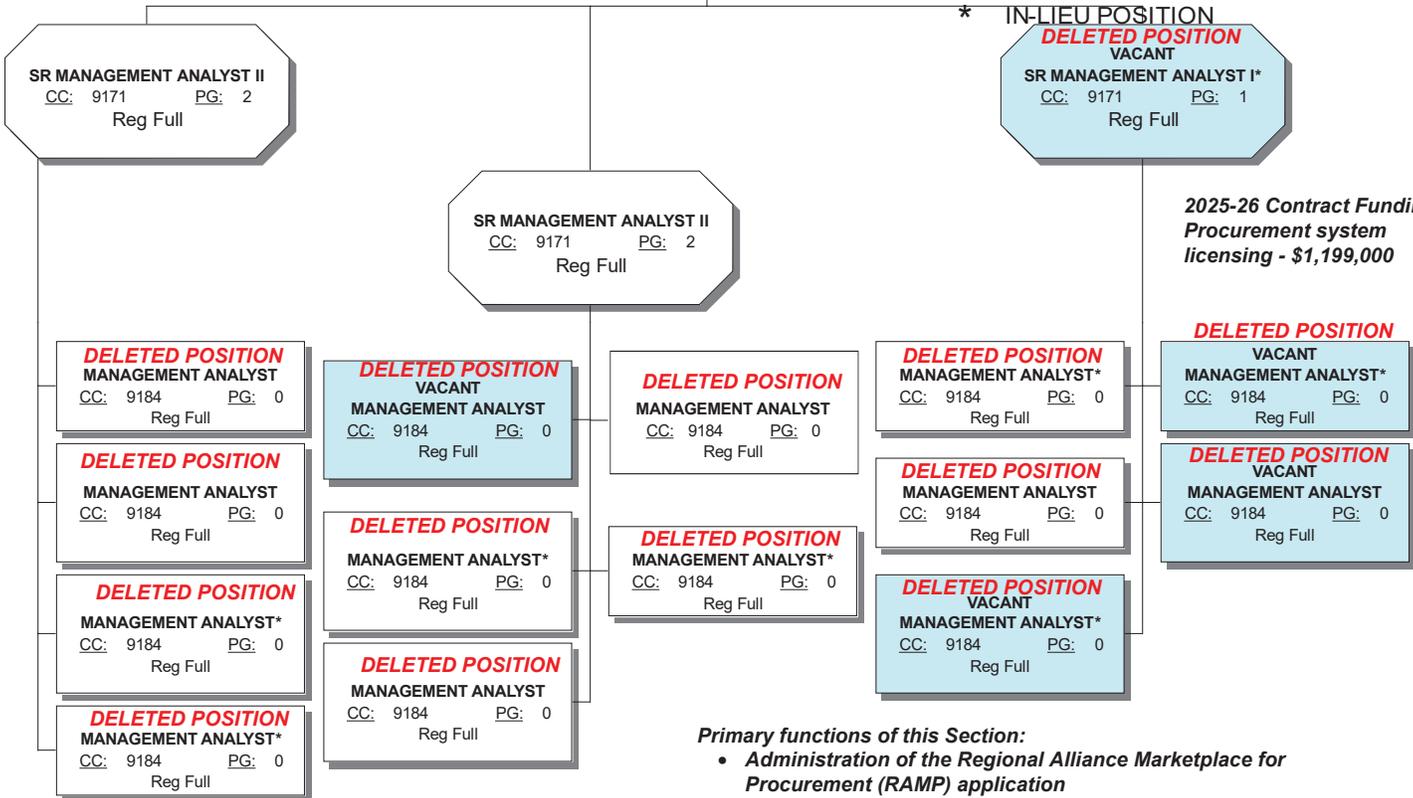


- RESOLUTION AUTHORITY POSITION
- VACANT POSITION
- SUBSTITUTE AUTHORITY POSITION

* IN-LIEU POSITION

DELETED POSITION
VACANT
SR MANAGEMENT ANALYST I*
CC: 9171 PG: 1
Reg Full

**2025-26 Contract Funding:
Procurement system
licensing - \$1,199,000**



**FIVE OF THE FILLED MANAGEMENT ANALYSTS ON THIS PAGE
WOULD BE RESTORED IF THE ALTERNATIVE REDUCTIONS IN
THE CAO'S BUDGET LETTER WERE APPROVED**

Primary functions of this Section:

- Administration of the Regional Alliance Marketplace for Procurement (RAMP) application
- Training of and support for City staff and vendors on procurement policies and RAMP
- Recommending and implementing changes to Citywide procurement policies and processes