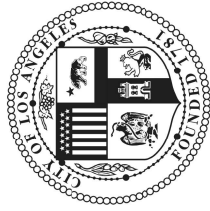


Fiscal Concerns & Prioritization of Critical Hiring

Presentation to the Honorable Members of the Los Angeles City Council



City Administrative Officer
Matthew W. Szabo
January 24, 2024
C.F. 23-0600-S113

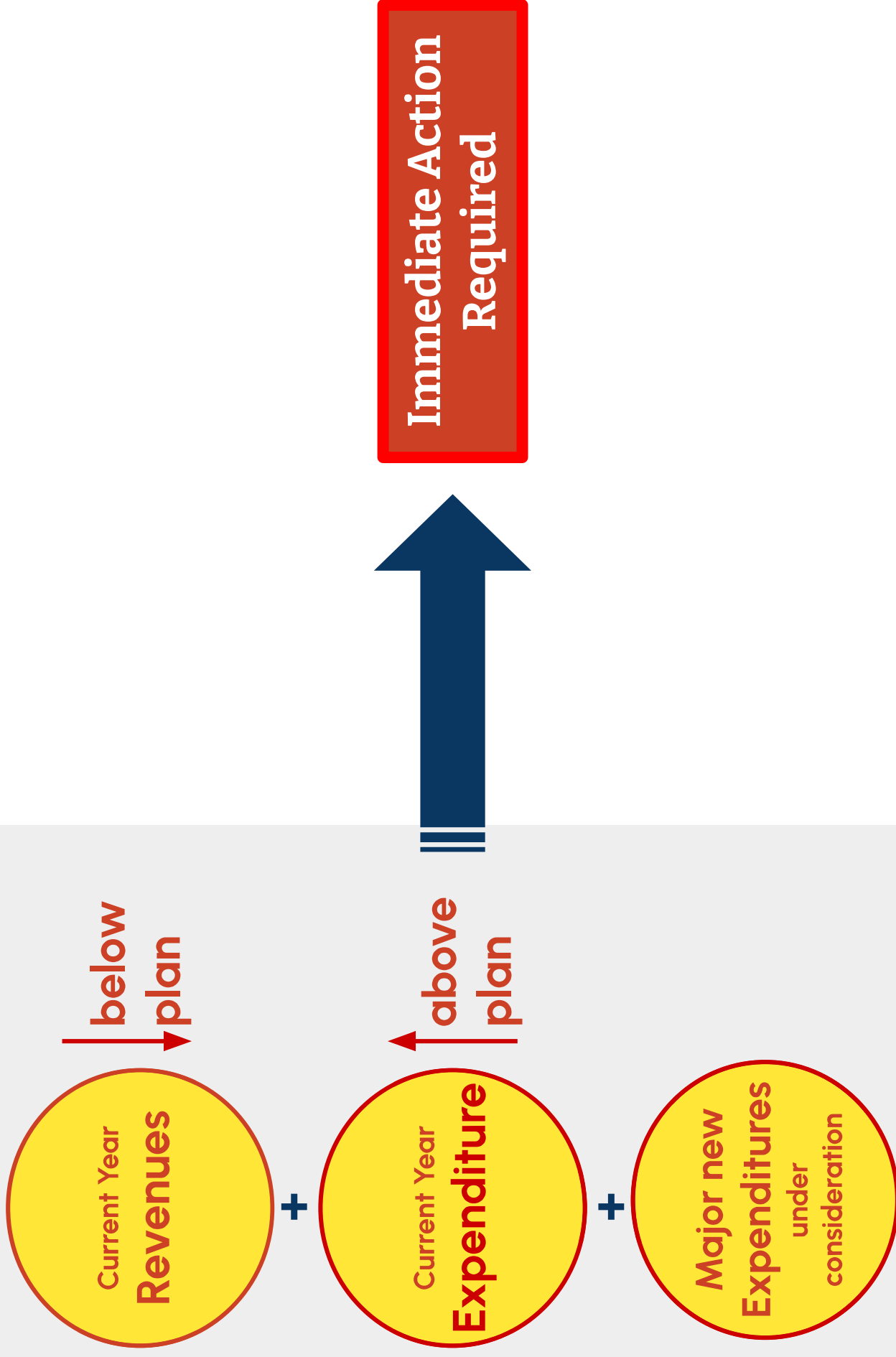


OVERVIEW

1. Current Financial Challenges
2. Addressing the Challenges
3. Recommendations
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
Sales Tax

(\$32M)
(\$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.

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
January 2024

Police Hiring 9,493

