



ERIC GARCETTI
MAYOR

April 21, 2022

The Honorable Members of the Budget and Finance Committee
City Clerk
City Hall, Room 395
Attention: Andrew Suh, Legislative Assistant

OFFICE OF FINANCE FISCAL YEAR 2022-23 PROPOSED BUDGET

Dear Honorable Members:

The Office of Finance appreciates the opportunity to comment on the Mayor's Proposed Budget. After two unprecedented, challenging budget years and experiencing the impacts of the pandemic, Finance sees the FY 2022-23 Proposed Budget as a roadmap to restore City services and the beginning of a historic recovery process.

Finance recognizes the complex decisions considered in this budget process. Therefore, we deeply appreciate the investments made in the Mayor's Proposed Budget for our new revenue management team and our systems group which supports the City's LATA system, the platform responsible for the collection and management of over \$2 billion in annual General Fund revenue. As the largest revenue generation and collection City agency, our services are critical to an efficient and well-managed City. Finance's day-to-day work supports that of all other City departments, providing a variety of financial services that we continue to expand. Our services range from maximizing our investments, to processing all City financial transactions, to collecting revenue, and to interfacing with our customers to improve our service delivery. As the City continues to reopen the economy, and restore and expand City services, Finance's role in maintaining the underlying financial infrastructure cannot be understated.

Item for Reconsideration - Portfolio Manager

We are grateful for the positions and resources provided in the Proposed Budget. Finance requests further consideration for one Portfolio Manager position in the Investment Division. Finance has a relatively small investment operation, consisting of only five employees, and without additional support in the form of an external asset management firm. By contrast, the Los Angeles City Employees' Retirement System and the Los Angeles Fire and Police Pensions have 11 and 10 Investment Officer positions, respectively, and both systems leverage external firms to assist with their portfolios.



The monitoring of all pool holdings requires sufficient staffing to act in the event of negative capital market events, similar to those experienced during the pandemic. Finance requested one Portfolio Manager to manage the General Pool and the various proprietary entities' funds. A position dedicated to market research and available investment opportunities is critical and will likely increase returns. Should an offset be required, Finance supports the deletion of one vacant Tax Auditor II position and one vacant Customer Service Specialist position to offset the cost of the Portfolio Manager.

Conclusion

The new and expanded initiatives in the Mayor's Proposed Budget can only be accomplished by filling the newly authorized positions. While we understand that new positions for 2022-23 are provided with six months' funding, we need to retain the ability to fill these new positions as quickly as possible within our budgeted funds. Holding specific positions vacant hampers our ability to be nimble and overcome obstacles in achieving the goals set forth in this budget. If allowed this flexibility, Finance will manage its budget responsibly so that no overspending will result from our expeditious hiring efforts.

We thank the Mayor, the Budget and Finance Committee, and the City Council for your continued support of Finance. We look forward to serving you and our customers with financial integrity and security, and maximizing the City's revenue generation in the upcoming year.

Sincerely,



Diana Mangioglu
Director of Finance / City Treasurer

cc: Andre Herndon, Office of the Mayor
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