

**Eric
Garcetti**
@MayorOfLA

FISCAL YEAR 2020-21 BUDGET POLICY AND GOALS

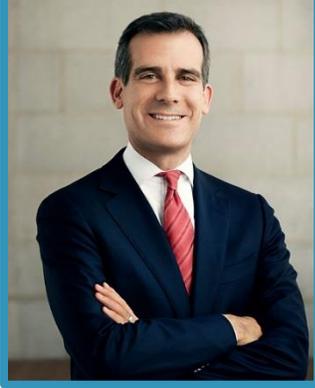


Date: September 13, 2019

To: General Managers of All City Departments
(Except Airports, Harbor, Water & Power, LACERS, and Fire & Police Pensions)

Cc: The Honorable Members of the City Council
The Honorable Mike Feuer, City Attorney
The Honorable Ron Galperin, City Controller
Sharon Tso, Chief Legislative Analyst

From: Mayor Eric Garcetti



Dear Colleagues,

This past year demonstrated how much we can accomplish by working together. The 2019-20 Budget focused on building Citywide initiatives while incorporating strong fiscal stewardship that increased reserves to record levels and boosted the City's credit ratings. It also reaffirmed our commitment to continue stabilizing our financial foundation.

When I took office in 2013, Los Angeles and the nation had just gone through the Great Recession — considered the worst economic downturn since the Great Depression. Our reserves could not cover the significant reductions in revenue brought on by the economic crisis, and the City had to make difficult budgetary decisions — including the elimination of certain services, employee furloughs, and layoffs.

Since then, the City has continued to recover and make progress on our most critical priorities. We have made unprecedented investments in fighting homelessness, fixing our streets and sidewalks, and increasing public safety. However, maintaining our momentum means continuing to make fiscally responsible and sustainable decisions. Although we are more prepared than ever, we should always plan for the next economic challenge — and with our increasing obligations, we must stay on the path of disciplined financial management.

The priorities for the 2020-21 Budget include improving our fiscal strength and focusing on the resiliency of our resources, programs, and services. This includes first and foremost accounting for our pre-existing financial obligations. It must also incorporate efforts that bolster our reserves, efficiencies, and innovations.

We have a clear responsibility to develop a budget that anticipates and addresses challenges and ensures accountability for City operations. I look forward to working with you in the coming months to develop a budget that builds on our past efforts and strengthens the City of Los Angeles for all of our residents and businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Garcetti". The signature is fluid and cursive, with a horizontal line extending to the right.

Mayor Eric Garcetti

BUDGET INSTRUCTIONS

Proposals must comply with the following:

Fiscal Stewardship:

- Submit zero impact budget requests for all new service proposals or enhancements to existing services that have a General Fund impact, by identifying meaningful and practical reductions.
- Maximize the use of special funds in all budget proposals, where appropriate.
- Budget requests for additional funds, including MICLA, are discouraged for items that have significant prior year unexpended appropriations. If requested, departments must provide an expenditure plan for prior year unspent appropriations and a justification for the delay in expenditures.
- Departments are required to clearly prioritize requests, not just across divisions, but from a department-wide perspective.
- For any requests that require a multi-year phase-in, include a detailed funding breakdown that demonstrates the cost of each successive year and the total cost of full implementation over the life of the request.

Positions

- New position requests will only be considered for a department that has a vacancy rate that is less than two percent above its salary savings rate, on average, over the course of the fiscal year. Otherwise, departments have the option to propose zero impact add/delete requests.
- Paygrade requests will not be subject to the above restriction.
- Where feasible, use Targeted Local Hire classifications.

Performance Metrics:

- Identify meaningful performance metrics for all new or enhanced service requests.
- Revisit existing performance metrics and assess whether the data reported is an effective measure in gauging success.
- Provide quantitative evidence that measures efficacy/progress of all new programs or enhanced services included as part of the 2019-20 Budget, including ongoing expenditures, for reevaluation and continuation.

Innovation:

- Propose innovative solutions to solve the City's problems. These can include new methodologies, process improvements, adoption of best practices, or the use of technology.
- The City's Innovation Fund is available for pilot programs to test ideas. Proposals that have completed a successful Innovation Fund pilot will be heavily favored.

The CAO's forthcoming Budget Instructions and the required budget forms will guide you through the specifics of the 2020-21 budget development process. Training will also be provided to ensure Department staff understands these topics and prepares high-quality budget packages.

My staff will be available to directly assist you and will convene meetings to solicit feedback on ideas, address potential issues, and receive guidance on possible solutions.

All budget submissions are due **Friday, November 22, 2019, by 5:00 p.m.**

For questions related to the overall budget policy, please contact Deputy Mayor Miguel Sangalang at (213) 922-9771. For questions related to specific budget instructions, please contact Budget Director Diana Mangioglu at diana.mangioglu@lacity.org.