

**Eric
Garcetti**
@MayorOfLA

FISCAL YEAR 2021-22 BUDGET POLICY AND GOALS

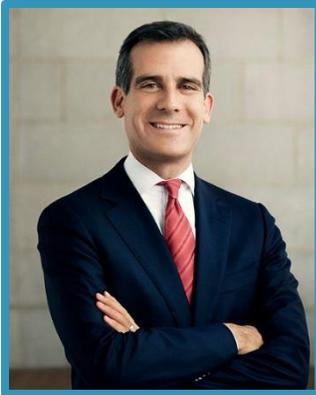


Date: September 18, 2020

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 Friends,

COVID-19 has taken a devastating toll on our City. We made clear from the very beginning of this pandemic that we would act swiftly, strategically, and comprehensively to help Angelenos navigate the twin blows to their health and economic security. We have taken every step necessary -- and spent every dollar required -- to save lives and livelihoods. We have led the country in confronting this emergency.

Yet, like cities nationwide, COVID-19 continues to severely impact our budget and our bottom line. Our revenues have dropped suddenly and significantly, as workers, businesses, and households endure the deep economic wounds of this crisis. And our City's financial outlook has changed dramatically.

For these reasons, I ordered a continuation of cost containment measures and gave additional instructions for fiscal restraint. But with the ongoing uncertainty around our resources and revenues, with the unpredictability around whether this moment's downturn will continue or worsen in FY 2021-22, we have to start planning now for the years ahead. We must be able to meet the enormity of the challenges before us, which may include the painful reality of service cuts and workforce reductions. We need to demonstrate our willingness to adapt, as we've done with Executive Directive 29 and its call for the digitization of City services.

All the while, as public servants, we can't ignore other factors infused throughout the civic life of Los Angeles. COVID-19 had laid bare deep inequities in health and wealth even before the emergence of peaceful protests for racial justice spilled onto our streets. So our fiscal approach must reflect our renewed focus on investments in equity and fairness for communities of color. Our budgets must incorporate the call of Executive Directive 27 -- "Racial Equity in City Government" -- and our other, visionary steps over the years to swing open the doors of City government, programs, jobs, and services to people of color, women, veterans, and all Angelenos.

These are unprecedented times, and so much of what we hope to achieve may seem impossible. My team will be considering all potential solutions, no matter how ambitious or challenging, and we will need your help in guiding Los Angeles forward. This upcoming winter, I will ask every department to submit a goals and priorities memo as part of this year's modified General Manager Review process. Your comprehensive response to this request will ensure that we can remain aligned and effective in our efforts to lead our city toward recovery.

Hard choices ensured our solvency during the Great Recession. More than a decade later, more tough calls are required to secure our recovery from the pandemic. Now more than ever, we must be diligent, creative, and innovative in developing a budget that heeds the City's overall revenue challenges and restores our fiscal resilience.

Sincerely,

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

Mayor Eric Garcetti

BUDGET INSTRUCTIONS

Proposals must comply with the following:

Fiscal Stewardship:

- Departments must submit a budget proposal that incorporates a net 3% reduction across all funding sources. The CAO will provide Departments with the resulting reduction target for this exercise.
 - With the exception of the reductions attributed to furloughs, all reductions made in FY 20-21 Adopted Budget will be continued and may not be used to achieve the 3% reduction.
 - Indirect costs savings and reductions related to the impact of the Separation Incentive Program may not be applied to this reduction.
 - Any new requests must be 100% offset, with proposals tied to reductions to demonstrate cost neutrality.
- 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.
- If your Department does not submit meaningful reductions based on these instructions, CAO will develop alternatives in compliance with this directive.

Equity and Inclusivity Proposals:

- In alignment with Executive Directive 27, one of the primary focuses of your budget proposal must be equity. Requests around equity and/or inclusivity must:
 - Align with your department's Racial Equity Plan
 - Increase equity in a specific service delivery area
 - Can be implemented by reallocating existing resources
 - Creates/redefines performance metrics related to the proposals

Reconstitution

- Departments must address how their operations will change as a result of COVID-19.
 - Include details on how changes within existing resources will result in consistent or improved service delivery; and,
 - Indicate what changes are being made to the department's ability to conduct contactless transactions and deliver services online.

The CAO's forthcoming Budget Instructions and the required budget forms will guide you through the specifics of this year's 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 20, 2020, by 5:00 p.m.**

Thank you for your commitment to meeting this challenge. For questions related to the overall budget policy, please contact Deputy Mayor Miguel Sangalang at (213) 978-0835. For questions related to specific budget instructions, please contact Budget Director, Raoul Mendoza at raoul.mendoza@lacity.org.